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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Ford will seek election

President Gerald Ford announced that he will seek a full four-year term of office next year. In a brief White House statement, he promised to conduct "an open and above-board campaign."

Ford also emphasised the promise made at his swearing-in ceremony 11 months ago in the aftermath of Watergate—to be "President of all the people"—and said he sought the support of the majority of Americans who "acknowledge no party loyalty."

With the election still 17 months away, Ford is the strongest Republican candidate in sight and should benefit from a recovery in the American economy next year. He is the first American to have become President without being elected to office. Back Page.

Strike ends as Peron yields

Argentine labour leaders cut short a 48-hour general strike due to end at mid-night to-night after President Maria Estela Peron yielded to their wage demands, the General Labour Confederation said. They had wanted her to ratify wage contracts which give some unions rises of 150 per cent. and to accept the resignations of two or more of her eight Cabinet Ministers, all of whom offered to quit on Sunday night. Earlier report Page 4; feature, Page 18

ANC's warning

Rhodesia's African National Council ended a four-day meeting in Dar es Salaam by saying it would intensify the struggle for majority rule. In Salisbury, Premier Ian Smith announced stronger anti-guerilla measures. Page 5

Meeting Amin

President Amin of Uganda and Foreign Secretary James Callaghan may meet in Kampala to-day. Page 4

Castle's denial

Social Services Secretary Mrs. Barbara Castle denied that emigration of doctors was causing a crisis for the National Health Service. She told the Commons that in recent years about 800 doctors had left the U.K. annually, while about 500 returned annually. BMA Page 10

Rabies death

New Zealand agronomist Valwynne Ingham, 37, died in London's National Hospital for Nervous Diseases of rabies contracted from a dog bite in Gambia. There was no link with the case of Robbert Apps, 22, of Surrey, who died of rabies six days earlier.

King hails trade

King Carl Gustaf of Sweden told an Edinburgh banquet given by the Queen that many Swedish industries had been developed because of the British market. The 29 year-old monarch, on a four-day State visit, has been made an honorary admiral of the Royal Navy.

Briefly . . .

Six men were rushed to hospital when a crane jib carrying tons of tubular steel collapsed at an oil rig construction site in Fife.

Four people were lost when fire swept a Peterhead trawler 125 miles West of Oban, forcing the crew to abandon ship.

Petrol ration books issued during the 1973-74 emergency are now obsolete and can be destroyed, Energy Secretary Anthony Wedgwood Benn said.

Britain could have 18-year-old MPs under a Bill being introduced to-day by Labour MP Greville Janner. Candidates must now be at least 21.

Lord Gladwyn will temporarily replace Mr. Russell Johnston, MP, as Liberal Party representative at the European parliament to enable him to contribute to this week's Strasbourg debate on defence.

BUSINESS

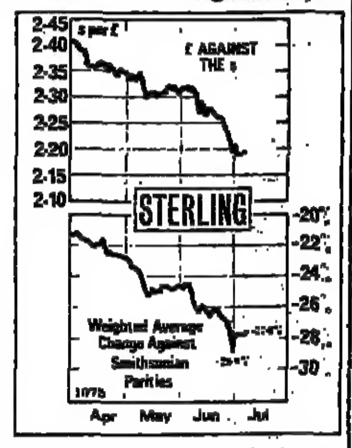
Equities, gilts and sterling improve

● EQUITIES improved, with better news from the miners' conference. But business remained very light. The FT 30-share index closed at the day's best, up 8.7 at 326.4. The FT-Actuaries All-share index improved 1.3 per cent. to 139.52.

● GILTS shrugged off higher U.S. Treasury Bill rates, with gains ranging to ⅜. Government Securities index rose 0.27 to 59.55.

● GOLD gained $2 to $165.

● THE £ rose 85 points to $2.1955 and its weighted depreciation narrowed to 27.6 per cent. (27.9). Dollar's was 5.20 (5.13).



● WALL STREET closed 3.29 lower at 857.79 after being 6.34 down.

State spending up 44% in year

● GOVERNMENT SPENDING jumped 43.9 per cent. between the first quarters of the 1974-75 and 1975-76 financial years, largely owing to higher costs and pay increases in the public sector. Back Page

● BLACK and Decker is to close each of its three U.K. plants for two weeks this year during which its employees, including the chairman and managing director, will go without pay. Back Page

● CHRYSLER U.S. Board has elected Mr. John J. Riccardo, its president since 1970, to succeed Mr. Lynn Townsend as chairman in October. Page 4

● BRITISH COMPANIES are seeking a major share of the contracts in a £2bn. expansion programme for Brazil's rail network. Page 4

● TEA is to go up by ½p a quarter, as the Government has again decided not to increase the subsidy. Page 8

● BENELUX COUNTRIES have asked McKinsey, the U.S. management consultants to prepare a detailed analysis of the case for and against all possible forms of co-operation between KLM, Sabena and Luxair.

● HITACHI, Japan's largest electrical manufacturer, reports a 56 per cent. fall in net profits for the year ended March 31. Page 24

● FINANCE for Industry, the City's main vehicle for providing medium-term industrial funds, suffered a pre-tax loss of £19.86m. after special provisions of £24.51m. Back Page and Lex

● MYSON GROUP is dropping its bid for Sealed Motor Construction, Britain's largest maker of central heating pumps, but is buying the U.K. water pump division of Sundstrand Corporation of Illinois. Page 7 and Lex

● HOECHST issue of £15m. 10 per cent. Guaranteed Unsecured Loan Stock, 1990, placed at par, is believed to be imminent. The stock will carry warrants to subscribe for Hoechst shares. Lex, Back Page

Militants lose fight over miners' £100

BY ROY ROGERS, LABOUR CORRESPONDENT, Scarborough

THE MAJOR threat to *Government and TUC moves for a* voluntary wages policy posed by Britain's 260,000 miners was lifted yesterday, at least until the end of the year.

Delegates to the National Union of Mineworkers' annual conference voted unanimously for a composite resolution embodying three former resolutions, including the Yorkshire NUM area's call for £100 a week for coal-face workers.

This motion, which instructs NUM leaders to "seek" a £100 top wage was accepted as leaving the union's negotiators with virtually a free hand when talks open early next year. But it was carried only after day-long meetings and manoeuvrings unprecedented even within the politically-divided NUM and not before the deep splits had been revealed in public.

Last night, NUM moderates were clearly happy with what they see as a victory for them, and a defeat for the militants, led on this occasion by Mr. Arthur Scargill, Yorkshire area president.

Manoeuvres

Declaring himself "very pleased" with the situation, Mr. Joe Gormley, moderate NUM president, said he interpreted the *motion as leaving the executive* free to decide the claim nearer to March when the next agreement *is due.*

Then it would be considered in the light of events, he said, adding: "*I don't think we are tied* to a figure of £100."

Mr. Scargill, who in moving the composite motion, spelled out his belief that £100 for face workers was "an absolute prerequisite now," is certain to *push for that figure when the* executive prepares for the next round of pay negotiations.

In this, he may attract the support of other Left-wingers on the executive including the six Communists, although they gave him little or no support yesterday.

For the second year running area NUM president — who earlier failed by 146 votes to 121 in a challenge to Communist Mr. Mick McGahey for the vice-presidency — orchestrated the successful behind-the-scenes manoeuvres, Mr. Lawrence Daly, national general secretary again played a decisive role, this time by revealing attempts by Mr. Scargill to renege on undertakings given before the crucial debate.

Yesterday's events began at 9.30 a.m., half-an-hour before the conference was officially due to start the day's business, with further meetings between the business arrangements committee and the sponsors of the three conflicting pay motions who, despite a series of meetings over the previous four days were still unable to agree a compro*mise resolution.*

Although on Monday the *union's Nottingham and North* West areas had agreed to weld their two resolutions together to produce a motion instructing negotiators "to demand £100 as an objective" for face workers, the Yorkshire delegation felt unable to go along with this composite unless the word "objective" was removed.

Healey wants reserve powers, Back Page
London worker seeking £2 payments, Page 10

At this stage, it looked as though Yorkshire's original resolution calling for £100 for face workers, £85 for underground workers and £80 for surface miners might still go before the conference, even though Yorkshire delegates had offered to drop their insistence on a November as opposed to a March settlement, remove the £85 and £80 figures in favour of maintaining existing differentials, and water down calls for industrial action in the event of an unsatisfactory offer.

After more meetings yesterday morning, alternative wording for the composite was put up and recommended by the union executive.

This instructed officials "to seek" £100 for face workers while *maintaining appropriate* differentials with other NUM grades and achieving pay parity *between face men and pit* deputies.

Members will be consulted "in accordance to rule" if the National Coal Board offer proved *unsatisfactory.*

With less than an hour to go to the pay debate—which at this *stage looked as if it might be* held over until to-day—Yorkshire delegates rejected the amended composite by 10 votes to seven.

Attack

But 15 minutes later, after Mr. Scargill had moved round the hall checking on his support, Yorkshire delegates reversed that decision by 13 votes to six.

This abrupt change of heart followed the realisation that the Midlands area delegates might well be prepared to repeat their action of last year and switch allegiance, and their 14 votes, away from the militant line at the last minute.

This would have meant the Yorkshire motion failing without Mr. Scargill even getting to the *rostrum as his seat on the* national executive would oblige him to follow the line dictated by the executive.

When the debate opened on this "unifying" composite, it soon became evident there was little unity at all and the debate developed into bitter exchanges between speakers, especially between Mr. Scargill and Mr. Daly.

Continued on Back Page

Union leaders vote today on TUC pay plan

BY JOHN ELLIOTT, LABOUR EDITOR

UNION LEADERS will to-day vote on the TUC's £6-a-week voluntary pay plan against the background of a warning last night from Mr. Denis Healey, Chancellor of the Exchequer, that he will call on the Cabinet to-morrow to agree that the plan should be backed by statutory reserve powers against employers.

This emerged last night when the Chancellor delivered a tough speech to Labour MPs after meeting TUC leaders.

He refused at the TUC meeting to agree to all the TUC's pay and prices policy without referring back to the Cabinet and late last night officials at the TUC's London headquarters were in touch with an emergency meeting *of Cabinet Ministers called by* the Prime Minister at Downing Street.

It was thought last night that the points on which the Chancellor was reporting back to his Ministerial colleagues included the possibility of instituting a price freeze if the Government's 10 per cent. inflation target was *not met early next year, how to* penalise employers and the question of whether groups of workers with pay rises already negotiated for the next few months should be alowed to have the money up to the £6 ceiling.

It was also not clear whether the TUC's cut-off figure for all rises of £7,000 had given way to *Ministers' preference for £10,000.*

Mr. Healey had earlier warned the TUC leaders that his measures would be "crude and dramatic" and he then told the Labour MPs that the Government's policies had to carry conviction abroad and that alternatives to his 10 per cent. inflation package included an equivalent cutin living standards or "crawling to the International Monetary Fund and accepting terms it would impose."

But union officials were optimistic that, providing they overcame many misgivings about their pay plan among union leaders at to-day's council meeting and produced a large majority, they could reach a deal with the Government despite the statutory powers threat which will also annoy Left wingers.

Mr. Len Murray, TUC general secretary, however, warned when he left the Treasury after last night's talks that even though they had "hammered out a broad consesus of agreement on a lot of points," there were still "some very important points on which the Ministers cannot give us any commitment without consulting their Government colleagues."

Following this, the TUC officials were last night sounding out Ministerial opinion before finalising their policy document which will go to to-day's TUC general council meeting. The Cabinet Ministers were preparing to finalise their anti-inflation White Paper against the background of the TUC's meeting to-day and talks which Mr. Healey has had with the CBI.

Both the Government and TUC had to consider modifying their views on certain key points as a *result of the talks which started* on the TUC's plan for a £6-a-week pay rise limit to be applied from August 1 to everyone apart from those earning more than £7,000 who would get nothing.

The aim was believed to be that, providing the details could be ironed out, the TUC's pay proposals would be included in *full in the White Paper.* This would help to underline their authority.

On prices, the TUC leaders were impressed by a suggestion from Mrs. Shirley Williams, Prices Secretary, who accompanied the Chancellor and Mr. Michael Foot, Employment Secretary, at the talks, that she might *consider a wide-ranging price* freeze next year if prices continued to rise much faster than the 20 per cent. inflation target.

On pay, however, there was still considerable concern about the ability of union leaders to agree to all the details involved in applying the TUC's £6 plan. First, there are opponents to the *idea in principle and then there* are others who want to maintain their pay differentials and do not want to accept a flat rate payment.

On top of this, there are groups with workers in the £7,000 to £10,000 salary range who do not like th idea of the cut-off.

On top of these, there are the worries of almost all the senior TUC leaders that they have members covered by agreements who stand to lose rises due after August 1.

There are 4m. of these workers with second-stage or threshold-style rises due under existing agreements and the Government estimates that their rises would add between 2½ and 3½ per cent. to the nation's wage bill.

The groups involved include postmen, seamen, and busmen, together with chemical, engineering, shipbuilding, and airport workers.

Labour news, Page 10

£ in New York

	July 8	Previous
Spot	$2.1970-1980	$2.1870-1880
1 month	0.47-0.37 dis	0.54-0.48 dis
3 months	1.30-1.20 dis	1.59-1.49 dis
12 months	6.95-6.25 dis	7.45-7.35 dis

Signs that Middle East peace bid is at a crucial stage

BY MALCOLM RUTHERFORD

MR. YITZHAK RABIN, Israeli Prime Minister, will have talks with Dr. Henry Kissinger, U.S. Secretary of State, in Bonn on Saturday, amid increasing signs that the efforts to achieve another step towards a Middle East peace settlement are now in the decisive stage.

Both Israeli and Egyptian sources confirmed yesterday that progress has been made and Mr. Simcha Dinitz, Israeli Ambassador to Washington, said after a two-hour meeting with Dr. Kissinger: "The more the picture gets clear, it becomes apparent that the chances for a settlement with Egypt have improved."

Mr. Dinitz spent some time with Dr. Kissinger last week, went back to Israel to inform the Cabinet of his discussions, and saw Dr. Kissinger again on his return to Washington on Monday.

Although some details have still to be settled, the negotiations concern the creation of a wide buffer-zone in the Sinai desert which would involve Israeli withdrawal from the strategic Giddi and Mitla Passes.

The passes, occupied in the 1967 war, virtually form the gate-way to the approaches to Israel's southern borders.

Outstanding questions appear to include the extent of the withdrawal, the policing of the buffer-zone and the *provision* of an early-warning system which would alert both sides of potentially hostile movement.

There is also the question of some kind of guarantee of non-belligerency in return for the Israeli withdrawal, which was one of the causes in the breakdown of Dr. Kissinger's Middle East diplomacy last March.

A new element was added in a BBC report from Jerusalem yesterday which claimed that an *existing* Israeli early-warning system close to the Giddi Pass would be handed over to the Americans as part of the withdrawal and that the Americans would build and man a similar system for the Egyptians.

The report was dismissed as "premature" by the Israeli authorities, but it was not completely denied. If true it would be the first time the Americans had committed themselves, however indirectly, to acting as part of a peacekeeping force on the ground, though the systems could also be manned by U.N. forces.

Another factor compelling the Israelis seriously to consider a new agreement with Egypt is the continued U.S. refusal to grant new arms supplies at least until President Ford's re-assessment of Middle East policy, begun after the breakdown of the Kissinger mission, is complete.

Mr. Dinitz confirmed after his talks with Dr. Kissinger on *Monday* that the block on new arms agreements was still in force.

Dr. Kissinger leaves *for Paris* to-day and will discuss the Middle East situation, among other things, with Mr. Gromyko, Soviet Foreign Minister, in Geneva on Thursday and Friday.

He then goes on to Bonn for his talks with Mr. Rabin, who yesterday began the first official visit to Germany by an Israeli Prime Minister.

It is unlikely the Bonn talks will end with a formal Israeli acceptance of a peace plan.

But it could still be the last round in the present diplomacy aimed at a second Israeli-Egyptian agreement, leaving the final decision to the Cabinet in Israel.

The alternative to an early agreement, as the Americans have made clear, is a return to the Geneva Conference.

Bowmaker to drop loan prop soon

BY MARGARET REID

BOWMAKER, the large hire-purchase concern, is expected to become the first of the companies which have had support loans in *the secondary banking crisis from* the big banks' "lifeboat" group to be able to do without this form of backing.

It is now probable that the company will, in the next two months or so, be launched on a future without continued dependence on "lifeboat" lending. This move would follow the conclusion of special arrangements or the longer-term repayment of its outstanding reduced support borrowings.

The company has already repaid £30m. of the £90m. or so it received from the lifeboat support loan consortium set up in late 1973 by the major banks to replace deposits withdrawn from other financial concerns in the storm which then hit the financial world.

Its restoration to a position where it could operate with short-term funds drawn only from normal sources would be regarded by the top banks and the Bank of England as the most promising development so far towards unwinding the £1.2bn. support operation.

Bowmaker, a subsidiary of the C.T. Bowring group, is regarded by the bankers responsible for the lifeboat as the financial con*cern which has made swiftest* progress back to the normal situation in which it can re-attract market deposits. In this it has benefited from being part of a much wider business, as well as by strict economy measures.

Mr. Edgar Bowring, chairman of Bowring, said yesterday: "We have shown our strength and deposits are coming back. By retrenching we have assisted our cash flow and these two factors have been sizeably helpful."

It is probable that Bowmaker's link with the lifeboat will be able to be cut following arrangements to fund its remaining indebtedness into, say, a five-year loan. Final decisions on the matter are expected to be taken after production of the half-year trading results from Bowmaker, which last year showed a loss of £601,000, compared with a £4.6m. profit in 1973.

Funding of reduced lifeboat borrowings could eventually be a prelude to restoration of dependence only on the market for short-term finance for other concerns, though final winding up of the secondary banking support operation is likely to be a lengthy process.

Bowmaker is the fourth biggest recipient of lifeboat loans, the next larger being Mercantile Credit, the finance house in which Barclays Bank and Commercial Union Assurance have sizeable stakes.

Total support has remained for some months around £1.2bn., to more than 20 recipients. The largest beneficiaries both of which have undertaken substantial retrenchment, are United Dominions Trust, with a reduced amount of some £460m. now outstanding, and First National Finance Corporation, with around £350m.

One of the issues being hotly debated between certain borrowers and the lifeboat group is the margin—up to 2 per cent. or more—above London money market rates at which interest on support loans is payable. For larger borrowers, 1 per cent. can hit profits by millions of pounds and reductions are being urged to assist progress back towards normal profitable trading and consequently, it is hoped, ultimate independent operation.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Alexanders Discount	200	+ 13
Allied Colloids	86	+ 5
Amal. Distilled Prod.	48	+ 8
Bats	320	+ 8
Butterfield-Harvey	27	+ 3½
Cavenham	132	+ 7
Courtaulds	128	+ 5
Empire Stores	99	+ 5
Fisons	372	+ 9
Furness Withy	210	+ 7
Gerrard and Nat.	270	+ 15
Glaxo	335	+ 10
GKN	240	+ 7
Hanson Trust	170	+ 8
Guardian Royal Exch.	190	+ 7
ICI	270	+ 7
Marks and Spencer	205	+ 6
Midland Bank	265	+ 8
Pearl Assurance	214	+ 10
Pilkington	215	+ 8
Reckitt and Colman	330	+ 10
Richardsons Wstgrth.	40	+ 4
Tate and Lyle	232	+ 7
Teacher (Dists.)	220	+ 18
Tunnel "B"	120	+ 7
Vickers	138	+ 7
BP	537	+ 19
Shell Transport	316	+ 11
Pancontinental	470	+ 20

FALLS

Security Services	88	− 7
Ass. Aust. Resources	110	− 15
IOL Petroleum	65	− 15
Cons. Murchison	660	− 20
Loraine	405	− 15
Roan Cons.	280	− 10
St. Helena	£30	− 1
Western Mining	170	− 5

For latest Share Index 'phone 01-246 8026

EMI plans eleven new productions

BY ARTHUR SANDLES

EMI UNWRAPPED its long-awaited 1975-76 film package last night. Eleven films are planned, ranging from a £1.5m. version of Agatha Christie's novel, Evil Under the Sun, to a classic British comedy pot-boiler, Spanish Fly, with Terry Thomas and Leslie Phillips. The cost is put at £6m.-plus.

But the figure is almost notional. The films may cost a great deal more than that to make, but income and guarantees from foreign distributors, and revenue from past productions will substantially lessen EMI's real outgoings. The £6m. is the basic fund which EMI keeps "revolving" in film production—a fund which has apparently been spilling some profit into the corporate coffers in recent months.

An important aspect of the new programme is that in five of them at least a major part of the shooting will be done at Elstree studios, which should involve a substantial revitalisation of that EMI asset.

The films in the new schedule are Evil Under the Sun, a follow up to the hugely successful (predicted world gross takings £19m.) Murder on the Orient Express; Aces High, a First World War air combat picture, Seven Nights in Japan, a modern love story; To the Devil a Daughter, a film version of the best-selling Dennis Wheatley novel; The Nat King Cole Story; a re-make of Kind Hearts and Coronets; All Things Bright and Beautiful, which is centred around a vet; Whatever Happened to the Likely Lads, a film version of the TV series; The Sweeney, a crime thriller; Spanish Fly; and Sergeant Steiner, with Robert Shaw, recently of "Jaws" fame.

Mr. Nat Cohen announcing EMI's new programme of productions yesterday.

EMI's production head, Mr. Nat Cohen, made it clear that the bulk of the programme would be aimed at the international market, one in which the company has been having some successes recently.

With the British film business at such a low ebb at the moment there is a desperate psychological need for an injection of optimism.

Mr. Cohen was at least optimistic about the world market for films, saying that there had been massive rises in audiences in such places as Canada and Italy, if a little less bullish about British cinema-going activity. "You must remember we have betting shops and bingo here," he said.

RACING BY DOMINIC WIGAN

Royal Boy is favoured

MR. PAUL MELLON, currently visiting England from Rokerby Farms, Virginia, will be on Newmarket's July course this afternoon to see if his much-vaunted juvenile Buck's Club can take the July Stakes (3.5).

Buck's Club, a bay son of Buckpasser, created a favourable impression in his only previous outing when fourth to Thieving Demon in Salisbury's Champagne Stakes on June 26. Mr. Mellon's colt showed good pace until the final quarter-mile, where he fell back behind the winner and two other more experienced opponents, Solar and Obstacle.

Ridden to-day by Pat Eddery because Joe Mercer has been claimed for the highly promising West Ilsley representative, New Order, Buck's Club is reported to have made considerable improvement since that Salisbury run. It will be disappointing if he is easily beaten; but on this occasion I believe it could pay backers to give the locally-trained *Royal Boy* another chance.

Mr. David Robinson's chesnut Realm colt, at one time regarded as the best two-year-old at Newmarket, was running on strongly in the closing stages of the Norfolk Stakes at Royal Ascot after being outpaced early on. At the line, only the speedy Faliraki was ahead of him. The additional furlong here will suit Bruce Raymond's mount ideally, and I hope to see him return to winning form.

NEWMARKET
2.00—Helcia**
2.35—Master Petard
3.05—Royal Boy
3.40—Mrs. Tiggywinkle*
4.10—Joking Apart
4.40—Donna Nook
5.10—Chasseur

DONCASTER
6.15—Pigsticker***
6.45—New Henry
7.15—Whirlow Green
7.45—Destino
8.10—Solo Reign
8.35—Phlegon
9.05—Intrenched

Two other possible winners for Raymond are Welsh Petal and *Master Petard*. The first-named, an unraced filly by Welsh Saint out of the Irish 1,000 Guineas fourth, Petal, is expected to go well in the Princess Maiden Stakes (2.0), but here I would rather side with the obvious favourite, *Helcia*, who found only Gay Shadow too good when making her debut on the Rowley Mile course a fortnight ago.

Miss Petard's brother, *Master Petard*, disappointing since running out a seven lengths winner of the Ladbroke-sponsored Wood Ditton Stakes in April, need only reproduce that form to have few worries in the Duke of Cambridge Handicap (2.35). He is preferred to Hipparion.

In a particularly open-looking Bunbury Cup (3.40) I hope to see *Mrs. Tiggywinkle* return to her best form by getting the better of the progressive and apparently leniently-treated Penny Post.

At Doncaster's evening meeting, *Pigsticker* ought to have no trouble following up his easy Wolverhampton success in the opener, the Red House Stakes (6.15). He is a confident selection.

SALEROOM BY ANTONY THORNCROFT

Chinese ceramics in the pink

LAST YEAR the market for Chinese ceramics went through a difficult period: the sale at Sotheby's yesterday seems to confirm that things are now back to normal. An impressive £680,99A0 was realised from Chinese ceramics and bronzes, with a top price of £100,000 (at the top of the estimate) for a rare Ming blue and white bowl of the 15th century. In 1940 the same bowl was bought at Sotheby's for £32.

It was sold by Sir David Home and bought anonymously. The 15 inch wide bowl of the Yung Lo period, is painted inside with a continuous band of peonies. An even better comparative price was the £78,000 paid by the London dealer Eskenazi for a rare nine inch high Kuan Yao bottle vase, made during the Sung Dynasty (960-1280). The vase had only been estimated at £25,000-£50,000.

Perhaps the biggest surprise was the £36,000 given by Eskenazi for a carved stone figure of a female musician of the T'ang dynasty which had been forecast to make £4,000-£6,000. Other high prices were the £44,000 (just above the top of the estimate) (from an anonymous buyer for a blue and white bowl of the Yuan dynasty; £38,000 (estimate £20,000-£30,00) for an archaic bronze ritual wine vessel of the Shang dynasty; and £31,000, also above estimate, for a figure of a harnessed horse, 19 inches high, of the T'ang dynasty. All in all this was a very re-assuring sale, with a good sprinkling of Japanese buyers again.

Sotheby's also continued its disposal of the collection of manuscripts of Sir Thomas Phillips, which it has been selling since the start of the century, and which has brought in £2½m. in the last decade alone. Yesterday £17,513 was added, with a top price of £1,700 from Breslauer, a London dealer, for a manuscript of the Lithuanian vocabulary by the German pastor Ruhig written in 1735. This was the first systematic study of the Lithuanian language.

There was a successful sale of Old Master drawings at Christie's which totalled £146,170. There was a cloud over one work, a pretty portrait of a young lady by Andrea Previtali, drawn around 1520, where the bidding stopped at an impressive £22,000, a figure which apparently did not satisfy the seller. This apart, demand was good.

A landscape with a ruined portico by Claude Gellee, Le Lorrain, of about 1650, was bought by Tan Bunzl for £9,450, and a drawing by Francesco Maria Mazzola, Il Parmigianino, of Putti playing among foliage on one side and The Adoration of the Shepherds on the other, was bought by a private buyer for £5,775.

A Rubens drawing of the lame man healed by St. Peter and St. John, after Raphael, went to Tan Bunzl for £3,675, and the same price was paid by Mrs. Stone for a drawing by Esaias van de Velde of peasants on a riverbank. Prices were generally good, in a market which has suffered no great down-turn.

GARDENS TO-DAY

The old lady's legacy

BY ROBIN LANE FOX

SIX WEEKS' sunshine may have suited Wimbledon and cricketers, but they have not done the garden any good. For the first June in my memory there has not even been a thunderstorm to flatten the flowerbeds and knock the petals off the roses. My carrots have forked and twisted into shapes which I would not have believed possible; that invaluable vegetable, the Courgette, which is an easy variation for the diet in late August, is exhausting my patience by its urgent need for water day and night, in order to encourage its growth and its eventual watery crop of fruit. I am beginning to fear, too, for the health of my Fuchsias.

Finest ornaments

If the Fuchsia succumbs to a hot dry season, gardens will lose what seems to me to be one of their finest ornaments in late summer. Perhaps there have never been proper Fuchsias in private gardens since those commemorated in late Victorian photographs. Then, they were tended by a specialist fuchsia-gardener and trained into pyramids and cones evenly set with heavy double flowers.

But I am content with the ordinary outdoor varieties, leaving them to chance where they can push their roots into a cool space under paving stones or the like. I do not know of a Fuchsia which likes to be hot, and one of my favourite outdoor varieties, the yellow-leaved and widely-spreading Graf Witte, looks miserable as soon as a dry spell upsets the handsome colour of its young growth.

They will survive, of course, but they must be hating a season which first brought them into growth too early, left us wondering whether or not to cut back the old top-growth which had been left against frost, of all things, and then refused to rain throughout their growing-season.

The Fuchsia's origins are usually linked with an entrepreneurial anecdote, showing that the best assets are often neglected by us unwitting owners. I am not sure if it is true, but it deserves to be.

Certainly, the Fuchsia was once mainly a native of South America where its flowers are reported to have been found in the cave-drawings of a subject people of the Incas. They came to Europe's notice incidentally, when explorers were sent to South America in the early 18th century to bring back supplies of quinine, that necessary cure for malaria.

Big business

With the quinine-hunters went a Father Plumier who found and sketched a wild Fuchsia, naming it after the great German botanist and herbalist, Dr. Fuchs. His drawings were questioned, at least until late in the century when a British sea-captain is known to have given a specimen Fuchsia to Kew on his return from a voyage to the southern hemisphere, proving its existence beyond doubt.

In the same year, 1788, the Fuchsia was also set on the path of big business. It is said, maybe correctly, that a shrewd London nurseryman called James Lee had heard of a strange new plant in a widow's window-box in Wapping. Visiting her, he found she had a Fuchsia, left with her by a son who had just returned from a South American voyage. For a few pounds, she parted with it, and before two years had passed Lee was able to offer rooted cuttings to his customers at £20 a time. New species arrived over the next 50 years to break into his monopoly, but the Fuchsia was now recognised as easily propagated and well suited to British greenhouses and gardens.

Taking a hint from the shrewd Mr. Lee, you should not hesitate to ask for a cutting of any Fuchsia which attracts your notice. They root very quickly, often within a fortnight, and can even be persuaded to root in a glass of water in the kitchen.

Once you have rooted one, I hope you will try to train it. We are too shy about the old exotic shapes which specialists used to force on their exhibition plants. In a cool greenhouse a Fuchsia can be trained as a climbing plant or pruned into a neat espalier shape. In an ordinary pot outdoors it can be extended into a standard with a straight stem.

I have often enjoyed the latter and it makes a rewarding pastime. Be sure to stake your cutting as soon as it roots, so that its stem stays completely straight. Keep re-potting it whenever you can see the shoots through the holes at the bottom of its pot: it is a bad mistake to allow a future standard to become pot-bound as it will tend to flower then, instead of growing on upwards.

Experts dispute whether the side-shoots should be removed from the main stem as soon as they appear. The strongest varieties will certainly grow away vigorously if you trim all diversions, but I have tended to have better results by leaving the side-growth as a general rule until the main stem has reached the height I want, only because it slows the upward progress and gives the main stem time to thicken on the way up.

Once the stem is as high as you wish, let it make three or four pairs of leaves above the intended apex and only then pinch it back. It will throw out shoots for its head from this extra length, which you can then train as you please. It is an amusingly easy business and the result is very elegant.

My best standards have been trained from the variety called Checker Board, probably because its growth is upright anyway. Its single red-and-white flowers are not too short and show up very clearly without being artificially fattened. Snowcap is a pretty companion for it, as its double flowers are white in their centre, or Corallina and red in their outer sepals, like a Checker Board in reverse.

Vigorous

They are both very vigorous and free-flowering, as is the pink-and-mauve variety called Constance, another upright Fuchsia, well able to stand a beginner's efforts at prolonging it into a standard shape.

A standard Fuchsia is easily placed in a pot where it can be watered conveniently in the present spell of drought. It is odd to think that they came to our gardens so belatedly. One wonders what else is lying unnoticed in the window-boxes of London windows.

Single figure inflation 'not obtainable'

BY OUR ECONOMIC STAFF

TO ACHIEVE his target of "single figure" inflation by the end of 1976, Mr. Denis Healey, the Chancellor of the Exchequer, would have to resort to further deflationary measures, according to the Henley Centre for Forecasting in its July set of Framework Forecasts for the U.K. economy.

The consequent cut of "over 7 per cent." in real living standards would be "politically unacceptable" states the Henley centre.

It therefore forecasts that the official target is not obtainable and that the most the Chancellor can hope for is a gradual reduction in the inflation rate to 15 per cent. by the end of 1976.

Moreover, the Henley economists believe that the unemployment trend is so strongly upwards that before long the pressures will be on the Government to find ways of boosting demand and employment.

The monthly Bulletin expresses considerable scepticism about the chances of keeping increases in the nation's wage bill to 10 per cent.—"allowing for special cases, loopholes and non-compliance, gives us a forecast of 13 per cent." it states.

"Increases in retail prices are now forecast to peak out at 29 per cent. up on the year in September. Then wage restraint, domestic price competition and control, and relatively low import prices will pull down the rate of inflation to 15 per cent. by the end of 1976. We believe this to be the best (the most probable) estimate of inflation."

The Henley Centre says the recent decline in sterling has more than compensated for high British costs. "But the inflation differential between Britain and other industrial countries will persist for some time, and if British exports are to retain their price advantage, then sterling must slide further.

TV/Radio

† Indicates programme in black and white.

BBC 1

10.55 a.m. Golf: The Open Championship at Carnoustie. 1.25 p.m. News. 1.30 Camberwick Green. 1.45 Golf: Open Championship. 4.23 Regional News (except London). 4.25 Play School. 4.50 Z-Shed. 5.15 Yao, African Prince. 5.40 Captain Pugwash.
5.45 News.
6.00 Nationwide.
6.40 The Wednesday Film: "Son Of Paleface," starring Bob Hope and Jane Russell.
8.10 Survivors.
9.00 News.
9.25 Going, Going, Gone . . . Free?
9.55 André Previn's Music Night.
10.50 Midweek.
11.28 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 p.m. Nant-y-Pant. 5.15-5.35 Maldwynaldwyn. 5.35-5.45 The Clangers. 6.00-6.40 Wales To-day. 6.40-6.55 Heddiw. 6.55-7.45 Star Trek. 7.45-8.10 The International: Llangollen Musical Eisteddfod. †11.28 News of Wales.

Scotland—10.00-10.10 a.m. Wacky Races. †10.10-10.35 Robinson Crusoe (film series). 10.35-10.55 Josie and the Pussycats. 6.00-6.40 p.m. Reporting Scotland. †11.28 Scottish News Summary.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.40 Scene Around Six. †11.28 Northern Ireland News Headlines.

England—6.00-6.40 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

10.35 a.m. Nai Zindagi Naya Jeevan.
11.00 Play School.
4.35 p.m. Golf from Carnoustie: The Open Championship.
7.30 Newsday.
7.45 The Master Game.
8.10 The Ascent of Man.
9.00 Diane by David Agnew: a story raising social and moral points.
10.35 Golf: The Open Championship.
11.15 News Extra.
11.34 Closedown: Julian Glover reads "The Two Witches" by Robert Graves.

LONDON

10.45 a.m. "The Stranger Wore A Gun," starring Randolph Scott. 12.05 p.m. Yoga for Health. 12.30 Larry the Lamb. 12.40 Rainbow. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Mr. and Mrs. 2.00 Good Afternoon. 2.25 Show Jumping from the Great Yorkshire Show and Racing from Newmarket. 4.25 Michael Bentine's Potty Time. 4.50 You Must Be Joking! 5.20 The Brady Bunch.
5.50 News from ITN.
6.00 A Town Called . . . High Wycombe.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 . . . And Mother Makes Five.
8.30 Marcus Welby, MD.
9.30 Rising Damp.
10.00 News.
10.30 Special Branch.
11.30 Wrestling.
12.10 a.m. Seven Ages of Man.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Lassie. 6.00 About Anglia. 8.30 The Zoo Gang. 10.30 Wrestling. 11.10 The Big Question.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 5.20 ATV To-day, including Junior Police Five. 6.00 ATV To-day. 8.30 Kung Fu. 10.30 Wrestling. †11.15 The Twilight Zone. 11.45 The Gospel in Song.

BORDER

†1.25 p.m. Border News. 2.00 Houseparty. 5.20 Circus. 6.00 Border News and Lookaround. 10.30 Wrestling. 11.15 The Adventurer. †11.45 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's on Where. 5.20 Elephant Boy. 6.00 Channel News. 6.10 Adventures in Rainbow Country. 8.30 Barnaby Jones. 10.30 Wrestling. 11.10 Night Gallery. 11.40 News and Weather in French followed by Epilogue.

GRAMPIAN

12.35 p.m. Grampian News Headlines. 1.20 Lunchtime Call. 5.20 Out of Town. 6.00 Grampian News. 6.10 Farming News. 6.15 Love American Style. 8.30 The Stanley Baxter Moving Picture Show. 10.30 Wrestling. 11.15 Police Newsroom. 11.25 Orson Welles Great Mysteries. 11.50 Evening Prayers.

GRANADA

10.30 a.m. Sesame Street. 11.25 Oliver and the Artful Dodger. 12.10 p.m. Man and His World. 12.20 Around the World in 80 Days. 1.20 This Is Your Right. 3.15 Gustavus. 5.20 Crossroads. 6.00 Granada Reports. 6.30 Firehouse. 8.30 The Collaborators. 10.30 Mystery Movie: McCloud. 11.55 Inner Space.

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic Broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) also on VHF. 5.00 Newsbeat. 5.15 Anne Nightingale reviews the latest sounds around. 7.00-12.33 a.m. As Radio 2.

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible] Bartok, Dvorak (S). 2.10 Fauré (S). 3.10 New Records (S). 4.20 Russian Music (S). 5.00 Choral Evensong. 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Study on 3. 7.30 "Macbeth," opera in a prologue and three acts, music by Ernest Bloch, from the Royal Festival Hall, London, Act 1 (S). 8.45 The Arts Worldwide. 9.05 "Macbeth." Acts 2 and 3 (S). 10.20 Some Illusions of the West. 11.05 Early Scottish Music (S). [illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

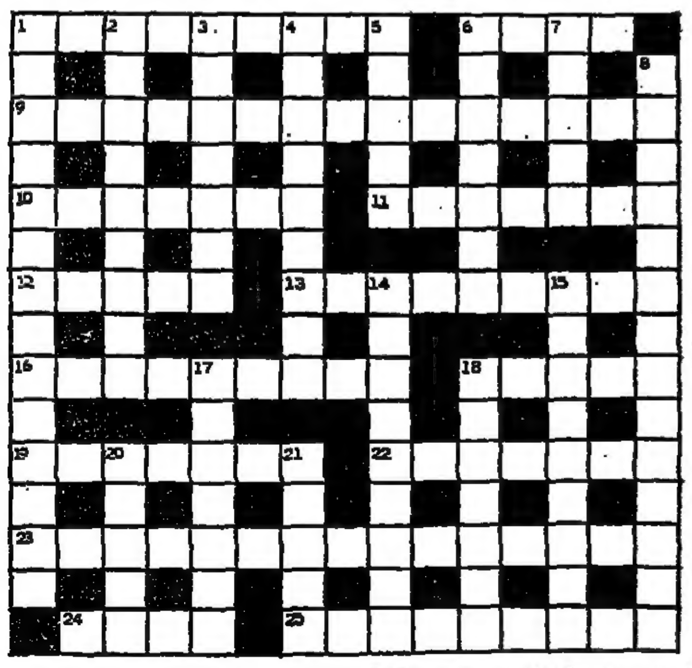
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 2,824



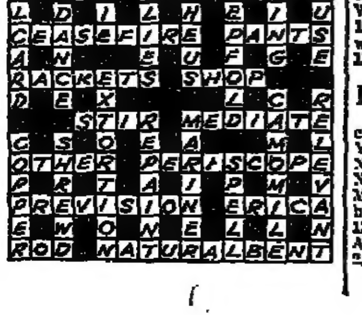
ACROSS

1 Inconsiderate and with a memory like a sieve (9)
6 Send—by rail? (4)
9 Blush and show signs of anger (3, 3, 2, 3, 4)
10 Fairy giant with first-class return (7)
11 Sane female—all alone? (7)
12 Head the Spanish prize (5)
13 An artifice producing layers of precious stone (9)
16 The most intelligent first pair of climbers go to mountain (9)
18 Vegetable given round at party (5)
19 Helps fool and is way back (7)
22 The present moment (7)
23 Support the sentence and sound true (5, 10)
24 Copied notice about physical education (4)
25 He canes it roughly in irresolution (9)

DOWN

1 Militant opportunity for success requiring supreme effort (5, 6)
2 Two lists that may be turned (9)
3 Immortal Eastern sea-bird—one left (7)
4 Dish making faces rise (9)
5 Fastener caught in the wood (5)
6 Entertainer needs support with nonsense (7)
7 Work hard and save about a pound (5)
8 A person's arrogance and pomposity (4-10)
14 Gets back like a game dog (9)
15 A degree or a step towards it (9)
17 Attempted a composition to the editor (7)
18 Serval made into cub hats? (4-3)
20 A bit of a fight (5)
21 Where money goes to his head in laziness (5)

SOLUTION TO PUZZLE No. 2,823



هكذا من الأصل

Gwen Verdon and Chita Rivera in 'Chicago'

New York theatre

A happy season

by GEORGE OPPENHEIMER

It has been a good many years since we have had as rewarding a season as that of 1974-75. During its course I found myself more often than usual at variance with many of my critical colleagues. For instance, most of them discovered little of worth in Edward Albee's laudable comedy of evolution, *Seascape*, whereas I thought it to be one of his most stimulating plays. It went on to win the Pulitzer Prize but, unhappily, it had already closed, felled by the reviews. I also, in company with Walter Kerr but few others, liked greatly the musical, *Shenandoah*, with its tuneful score and intelligent book and the singing and acting of John Cullum and company.

On the other hand, two successful comedies still around, *All Over Town* by Murray Schisgal and *The Ritz* by Terrence McNally, struck me as being far-fetched farces, unworthy of the plaudits they garnered from the majority of reviewers.

For me, a season could almost be redeemed by *Equus*, Peter Shaffer's brilliant psychological drama with its equally brilliant staging by John Dexter and its admirable performances by *Anthony Hopkins as the psychiatrist*. Peter Firth as the stable boy who has blinded six horses that he loved and a fine supporting cast.

I also liked and admired *The First Breeze of Summer*, the portrait of a black family by newcomer Leslie Lee, well produced *by the Negro Ensemble Company* and, to my mind, the best black play since Lonne Elder III's *Ceremonies in Dark Old Men*. For the first time I was able to praise the work of another black playwright, Ed Bullins, for *The Taking of Miss Janie*, which won the Drama Critics' Circle award *for the best American play of* the season.

The only new American comedy of genuine merit was and still is the two-character *Same Time Next Year* by Bernard Slade, another welcome newcomer to the Broadway scene. It is greatly abetted by the ingratiating performances of Ellen Burstyn and Charles Grodin as the two who meet yearly in extra-marital felicity. There was also a Mark Medoff comedy, *The Wager*, a slight but amusing glimpse of sex complications in a co-ed dormitory.

I admired the anti-apartheid intent without particularly liking the content of *Sizwe Banzi Is Dead*, one of two South African plays, the other was *The Island*, improvised by Athol Fugard and the two first-rate black performers, John Kani and Winston Ntshona. And another one of my major differences with my confreres was *Don't Call Back*, a thriller by Russell O'Neil, well acted by Arlene Francis and her supporting cast but doomed by the reviews to one performance.

The Entertainment Guide is on Page 26

It was England that made the season memorable with its generous contributions (principally *Equus*), *Sherlock Holmes*, a revival of the old William Gilette-Conan Doyle play; *In Praise of Love*, Terrence Rattigan's touching tale of a doomed wife and a self-indulgent husband with Rex Harrison, Julie Harris and Martin Gabel in top form; *Absurd Person Singular*, a singularly comic offering by Alan Ayckbourn with an all-star cast (including Larry Blyden whose recent death deprives the stage of a first-rate actor and gentleman).

From England too came *London Assurance*, a delightful revival of a Dion Boucicault comedy with Donald Sinden outrageously funny as a prince of fops; *Enter a Free Man*, a lesser *comedy by Tom Stoppard*, but still filled with his rare talents, and the Royal Shakespeare Company in a series of plays at the Brooklyn Academy of Music, the best of which were Chekhov's little-known *Summerfolk* and Shakespeare's little-seen *Love's Labour's Lost*. Italy made a minor contribution with *Saturday, Sunday, Monday* by Eduardo di Fillipo, a gastronomic comedy complete with the odour of cooking invading the theatre.

There were several musicals of note, in addition to the aforementioned *Shenandoah*. Off-Broadway's *A Chorus Line* led the list and is so successful it is being moved to Broadway. Conceived by director-choreographer Michael Bennett and written by James Kirkwood and Nicholas Dante with music and lyrics by Marvin Hamlisch and Edward Kleban respectively, it is a colourful, honest and exciting tribute to the ladies and gentlemen of the chorus.

The Wiz is the smash black musical version of *The Wizard of Oz*, a spectacularly entertaining song and dance show; *Rodgers and Hart* is a happy compilation of almost 100 of their wonderful songs; *Gypsy* was a fine revival of that popular musical with Angela Lansbury triumphant in the Ethel Merman role.

Finally there is *Chicago* with Bob Fosse as director-choreographer and Gwen Verdon, Chita Rivera and Jerry Orbach in the leads. It is a large and lavish show that loses much of its story and humour but finds a substitute in its stunning numbers.

Among the worthwhile revivals were Carson McCullers' *Member of the Wedding*; Coward's *Private Lives* starring Maggie Smith and John Standing (not as effective as Tammy Grimes and Brian Bedford in an earlier revival); a first-rate production of John Steinbeck's *Of Mice and Men* with James Earl Jones and Kevin Conway that unaccountably failed; an excellent Tennessee Williams' *Cat on a Hot Tin Roof* with Elizabeth Ashley and Keir Dullea and, last but best, Molière's *The Misanthrope*, updated with Diana Rigg and Alec McCowan giving two of their best performances under the knowing direction of John Dexter.

There were also two superior one-man shows—Roy Dotrice as the 17th-century chronicler John Aubrey and Paul Shyre as H. L. Mencken.

Television

Exit Midweek

by CHRIS DUNKLEY

The death has been arranged of *Midweek*. This three-year-old BBC1 late evening current affairs programme, successor to *24 Hours* and possessor of one of the best signature tunes on British television, will expire to-morrow night at about 11.30. Never again will that strip of montage unwind across your screen, explaining—just in case you had failed to realise it—that "midweek" means Tuesday, Wednesday and Thursday.

I doubt whether many of the programme's 2m. or so viewers will bother to wear black suits and ties for the occasion. I certainly shan't because I know that arrangements are well in hand for a phoenix to arise on Monday, September 1, at the beginning of the autumn schedules, and although I have a comfortable sort of affection for *Midweek*, I am not certain that its passing represents the disappearance of anything important enough to warrant full mourning regalia.

Those who remember the programme's early days will recall that in a somewhat desperate attempt at least to look different they invented a novel sort of presenters' blitzkrieg in which Ludovic Kennedy would introduce a general subject, Nicholas Harman would take over to introduce the interviewees, and Austin Mitchell would then ask the questions. Once during the first week Jacky Gillott and Nicholas Harman actually outnumbered the guest and ended up asking him questions alternately. That sort of malarky rapidly disappeared—as did Jacky Gillott and Austin Mitchell, and eventually Nicholas Harman—and *Midweek* settled down to being a pretty ordinary current affairs magazine programme, occasionally displaying some less usual characteristics: the *Midweek* phone-in, or a rather good investigative filmed report from Tom Mangold or Bill Kerr Elliott for example.

Yet for all its ordinariness, and the present feeling that it hardly deserves special mourning, it may be that in a year or so we—or some of us, anyway—will look back and wish that we had marked its passing with more respect. It could be that the end of *Midweek* followed, as now seems likely, by a 50 per cent. cut in BBC2's *News Extra* in September could mean that there will no longer be any daily slot anywhere on BBC television suited to providing serious analysis or commentary on the day's news and capable of reacting fast in a changing situation.

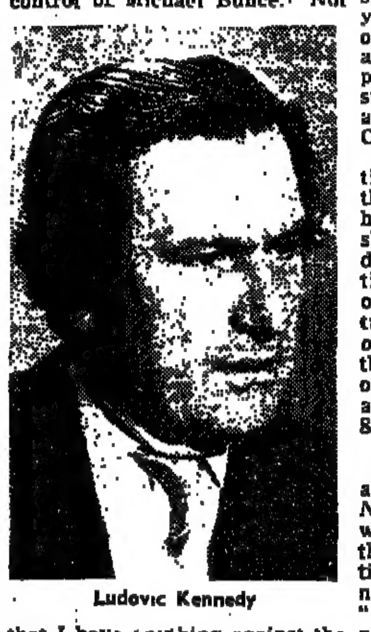
Midweek placed much less emphasis on this role than *24 Hours* used to, but at least *Midweek* has been there at the end of the day, and available for a discussion which could expand the brief item on the *Nine O'Clock News*, or for an interview to explain or analyse bald statements reported elsewhere.

News Extra has very often served a similar purpose. Having started, under Peter Woon (now editor of Radio news) as an early evening programme called *Newsroom*—the BBC's first half-hour television news—and having established itself as the intelligent viewer's news programme, it was moved into the late night slot where it has always been worthy of attention not least for its tone which is more calm and considered than the *Nine O'Clock News* and at the same time less plummy. In particular this was true when David Holmes was news reader/interviewer.

Covering fewer topics than other news programmes, it studies them in greater depth and it has frequently shown foreign reports which have either failed altogether to get into the *Nine O'Clock News* or have been shown in much briefer form. Now, apparently, the idea is to cut *News Extra* down from 30 (or so) minutes to 15 so that, in effect, the programme will become little more than a late night bulletin.

At producer level inside the BBC it is believed that one of the reasons for this cut, possibly the main reason, is a growing feeling among middle and upper management that Shakespeare was absolutely right when he wrote "Though it be honest, it is never good to bring bad news." This being so, and bad news being so abundant these days—goes the theory—it would be just as well to cut down on news programmes. If this is not the motive then it is difficult to see what is since it has already been said that neither staff nor budget cuts are the reason.

What of *Programme X*, however, which is to replace *Midweek*? Surely this will more than make up for the loss of *Midweek* and half of *News Extra* since it will revert to the *24 Hours* pattern and broadcast five nights a week? Perhaps it will, but one's fears are not entirely removed by hearing that *Programme X* is to be under the control of Michael Bunce. Not



Ludovic Kennedy

that I have anything against the man personally, having never even met him—he may be charming, erudite and ideally suited to the job—but until recently he was responsible for *Nationwide* which is to BBC television what a merger of *Tit-Bits* and *Reader's Digest* would be to Fleet Street.

He is credited with having greatly increased *Nationwide's* audience and is expected to work the same trick for *Programme X*, setting out by aiming, reportedly, for an audience of 8m. As a start on the climb to that pinnacle front man, Ludovic Kennedy, now one of the elder statesmen of the business, is to move over to *Newsday* on BBC 2 at 7.30, I understand, and *Programme X* is likely to take on Denis Tuohy from *Panorama* and Sue Lawley from *Nationwide*.

Then, presumably to ensure that the viewer knows precisely where he stands (or sits) there is a plan to use a sort of modular programme construction with each night of the week set aside for a different type of production—Monday given to reports from foreign correspondents; Tuesday devoted to an outside broadcast; Wednesday for reports on film; Thursday in studio for a political programme; and Friday—believe it or not—reserved for "satire."

Now the intention may be to treat this arrangement as a very general outline within which endlessly flexible variations will be possible. If that is so and it works then most of one's concern will be misplaced. If, on the other hand, the four senior producers who are going to take charge of the various modules (one of the producers being responsible for two nights) turn out to be rather protective about their once-a-week units, and loth to permit any interference in their carefully laid plans, then we shall have to expect situations similar to that of *Midweek* on the night of the Birmingham bombings to crop up regularly.

On that night, when England suffered its worst bombing for years, *Midweek* ran a brief piece of mute film from Birmingham at the very beginning of the programme and then went straight into its previously arranged film report from Cyprus.

A public broadcasting corporation has a duty to do better than that. Somewhere in the second half of its evening schedules it should have a programme devoted to the serious consideration of current affairs, capable of taking a really flexible attitude towards events as they occur during the day. And if that means 1m. viewers instead of 8m. so be it. *Nationwide*, is already being provided for the 8m.

*

I had thought previously that any change in the design of the *Nine O'clock News* on BBC1 would have to be for the better; those cockeyed grey lavatory tiles, and the insertion (by technical trickery) of a distractingly "live" newsroom behind the news readers' heads seemed the worst of all possible worlds.

Yet after seeing the new design introduced on Monday as a 21st birthday present, I am not sure: a picture of planet earth seen from space with the programme title superimposed; a fisheye lens view of the news studio; and then the Richards, Baker and Whitmore, permanently accompanied by a rather large red sign beside them reading "BBC Nine O'clock News July 7"—presumably intended for those who switch on in the middle and might otherwise imagine that they are watching a *Monty Python* repeat.

Cunard Hotel

Jerry Lewis

by ANTONY THORNCROFT

If he stays at it Jerry Lewis could easily become the kosher Roy Castle. Both entertainers favour the blitzkrieg approach, throwing all their talents (medium, small, minuscule) at the audience and hoping that some of them will stick somewhere. It is all rather endearing, but can be as exhausting for the watchers as for the artist, and one at least crept home to bed before Lewis got round to the drag bit or fire-eating, or however he ends his show.

The problem, of course, is that Jerry Lewis (who can forget Dean Martin and Jerry Lewis, stars of about the only genre of old films yet to be graced with a cult revival?) is appearing in cabaret in the Queen Mary Suite of the Cunard Hotel, *where no top of the bill is* allowed on until after midnight when an always tough audience has just about slipped into a coma. It required all of Lewis's Las Vegas experience to keep the clapping going, and his naturally frenetic act became even more hysterical as the dawn approached.

There were the Lewis *jokes*—fair but few; there was the Lewis singing—I pass; the Lewis trumpet playing—was it a gag? the Lewis juggling—once out of six times is not too bad; the Lewis dancing—he is 49 now; the Lewis sight gags—they made the people at the front laugh; the Lewis impersonation—I think. All in all there was a great deal of it, and although parts were undoubted misses, like his relapse into the person of a five-year-old child, there were hit moments.

For Jerry Lewis is undoubtedly a professional who takes on an audience even in unfavourable circumstances and does not ask for quarter. He gives the impression of being on top, and probably there are occasions when he goes down like a dream. It is very much American show biz fodder but then the Cunard cabarets are aimed directly at the American tourists. For the rest of the week he will be reminding them of home entertainment.

I was interested to see whether my masochism was up to the Cunard Hotel, after the drubbing it quite rightly received from the critics when it opened for cabaret three weeks ago. Happily things are improving. The vast room still looks better suited to a TUC Congress, but the food is OK and the supporting substances have been smoothed and shortened. The dancers no longer have to pick their way over the musicians to get to the stage and the compere has sunk without trace.

But the presenter of this welcome effort to provide London with a much needed night spot, Jeffrey S. Kruger, still persists with two long acts from big name performers. Before Lewis was let loose we had Abbe Lane. She changed her clothes a lot and was rather nice. In fact after her graceful grinding most people, I'm sure, felt quite satiated—which didn't make things any easier for the loony Lewis.

Royal Opera plans

The 1975-76 season at Covent Garden opens on September 17 with the third part of the new *Ring*—the *Siegfried* postponed from May. Colin Davis conducts. Götz Friedrich is again the producer, the sets are by Josef Svoboda, the costumes by Ingrid Rosell. After the opening *Siegfried* there will follow three cycles of *Rheingold/Walküre/Siegfried*, the first two conducted by Davis, the third by Reginald Goodall. *Götterdämmerung* will be staged at the start of the following season.

Other new productions in 1975-1976 will be Donizetti's *L'elisir d'amore*, not seen at Covent Garden for 25 years, which comes in December. The conductor will be John Pritchard, the producer John Copley, with designs by Beni Montresor. The cast will include Yasuko Hayashi, José Carreras, Thomas Allen, Geraint Evans. A newcomer to Covent Garden, Verdi's *I Lombardi*, in a production borrowed from the Budapest State Opera, will be seen in May 1976. Lamberto Gardelli will conduct. Singers include José Carreras, Nicola Ghiuselev, and the Hungarian soprano, Sylvia Sass. The most *unusual of the new offerings will* be Henze's new opera *The River*, receiving its world premiere in July. The libretto is by Edward Bond. The composer will produce, his brother Jürgen Henze will be the designer.

In March there will be an exchange of visits between Covent Garden and La Scala, Milan. The home company will take to Italy *Benvenuto Cellini*, *Peter Grimes* and *La clemenza di Tito*, while La Scala brings to London *La Cenerentola*, *Simon Boccanegra* and a concert performance of Verdi's Requiem. Among other attractions during the coming season will be the official Covent Garden debut of Christa Ludwig, the appearance of Freni and Ghiaurov in *Faust*, Grace Bumbry's first Covent Garden Carmen, and the house debut of Gundula Janowitz.

Mia Farrow with the RSC

Mia Farrow is to play the title role in the Royal Shakespeare Company's production of Harley Granville Barker's comedy *The Marrying of Ann Leete* when it opens at the Aldwych Theatre on September 18. It is Miss Farrow's first role for the Royal Shakespeare Company.

Miss Farrow has appeared both on Broadway and in London's West End and recently completed filming *Peter Pan* with Danny Kaye.

Sadler's Wells Theatre

Ancient Voices of Children

by CLEMENT CRISP

Throughout Christopher Bruce's new ballet, *Ancient Voices of Children*, which featured in the opening programme of the Ballet Rambert summer season on Monday, I found myself wondering *why* the piece should be so affecting. The sort of tragic waifs that Bruce shows us are a commonplace for the most obvious kind of tear-jerking in the cinema and the theatre—an unhappy child is the easiest way to win an audience's sympathy. But Bruce's vision, the communicative power of his dance imagery, is so potent, so well-wrought that he transcends the obvious and makes from it a work of art.

His starting point is George Crumb's setting of Lorca poems that give the ballet its title, a score at once allusive and haunting which Bruce fleshes out with movement perfectly attuned to its structure and sonorities. For Bruce, these children are urchins: Nadine Baylis has dressed them in ragged cast-offs and placed them in a setting made of great swatches of greyish-white cloth that frame the stage, and in the games and dances that Bruce gives them we see suffering and tragedy haunt their every step.

At curtain rise *they lie—in* a sleep that is also death—under cotton coverlets, and these are to be their shelters and their toys, like Linus with his blanket. Four girls, three boys, they rise from their slumbers to play out a series of games that are a meditation upon the dreams and make-believe of childhood and also upon the horrid reality of unwanted and unloved victims of an adult world.

An ordinary, tough section of tumbling and fighting for the three boys gives way to a slow duet for Blake Brown and Julia Blaikie, and there follows an agonised solo beautifully danced by Lenny Westerdijk. The children's distress increases; two girls die—does one think of Vietnam or Ulster?—and Joseph Scoglio grieves over the body of one of them. And because these are children, Bruce now shows four of them in jokily macabre capers beneath their protecting draperies, forming a funeral procession that will carry the dead girl away. *There follow hints of games*, from hop-scotch to bull-fighting and the nursing of a doll, and after a lyrical section in which the girls are lifted in arabesque—the Lorca text speaks of children going "very far/farther than those hills/farther than the seas/close to the stars . . ."—the ballet ends with the young bodies stretched out once again under their coverings.

I have gone into some detail of the action in the hope that I may convey a little of the richness and intensity of this very fine ballet. Bruce's affection for cyclic form gives the work its satisfying overall shape, but it is his passionate concern that most impresses the viewer, and his ability to fix emotional states in movement of rare sensitivity. Admirably danced, admirably made, *Ancient Voices of Children* seems to me to be Bruce's finest achievement.

Very different the other novelty of the evening, Cliff Keuter's lumpy joke, *Musete di Taverni*. The three men and three women *of the cast are clad as fugitives* from the crew of H.M.S. Hot Cross Bun, and they grimace and mug furiously while two Couperin *musettes* are played on stage by Carlos Miranda at the harpsichord. Minimal choreographic interest does nothing to add zest to a pretty tedious caprice.

Happily the programme had opened with a strong and idiomatic performance of Tetley's *Ziggurat*, and it also included a very pleasing account of Robert North's *Running Figures* with its elegant score by Geoffrey Burgon in which the Goldberg Variations are embellished with a dream's illogicalities.

The Rambert season continues until the end of next week, and there are five further opportunities of seeing *Ancient Voices of Children*.

Wigmore Hall

James Fulkerson

by RONALD CRICHTON

James Fulkerson, who gave a solo recital on Monday, is a trombonist from Illinois who has *come to England via Berlin with* a reputation as a performer of avant-garde music. Nevertheless the little group of faithfuls which gathered to hear him was if anything even smaller than usual on such occasions. This was a pity, for Mr. Fulkerson is evidently a performer of parts, who can *blow into his instrument* in innumerable ways, produce two notes at once, sing while he is blowing, and sound like part of his taped electronic accompaniment. He has moreover a gift not always to be found in avante-garde musicians, of effective programme-planning; that, be it noted, is said without reference to the quality of what he played.

In my ignorance I had only heard of three of the composers represented, Cage, Kagel, and Fulkerson himself. The others, Alfredo Del Monaco, Sergio Cervetti, Jo Kondo, and John Anthony Celona, remain for the moment figures of mystery. About the first three (they are listed in the order in which their works were played on Monday) I am still fighting back unworthy suspicions that they are the same person. Something about Del Monaco's *Syntagma (A)* made me think of Fafner, whereupon the conviction that we were listening to the dragon's interior monologues took and kept a firm hold, helped no doubt unintentionally by the taped part of Cervetti's *Raga II*. This obligingly made clear reference to Mime's smithy, but worried me with starling twitters until I realised that Siegfried's woodbird could perfectly well have been a starling imitating something else.

One or two of the trombone *crepitations in these pieces made* the real birds in the audience giggle, and the bass drum in Kondo's *Out*, played with his right foot by Mr. Fulkerson while he was blowing very, very long notes through his principal instrument, made them jump. If they had watched his knee they could have seen the bangs coming. Celona's *Multiphony III*, which at last brought some blasts of furious energy after so much prolonged whiffling and groaning, I thought rather a jolly piece. But in the interval I discovered some notes which had not been handed to me on arrival, presumably on the sound assumption that nobody over 50 can understand jargon words of more than two syllables, and discovered that I had been enjoying "a structural composition generated by a phenomenological research into gradients of articulatory attitudes and subsequent isolation of discovered gradients as discrete structural propositions and resultant associational complexes."

The Cage pieces were dire but relatively short. Kagel's theatre piece *Atem*, about the last moments of a wheezing, devoted old trombonist, went on for an eternity, like Frosch in *Die Fledermaus* but without the dialogue. Mr. Fulkerson is the best actor-trombonist I have seen, and I am sure it was not his fault that the piece came out patronising as well as long. Finally he played his own *Patterns XI*, short and sharp, not only allowing but encouraging the trombone to sound like a trombone, magnificently refreshing.

WORLD TRADE NEWS

U.K. seeks major role in Brazil's £2bn. rail renewal

BY DAVID WHITE RIO DE JANEIRO, July 8.

BRITISH COMPANIES are seeking a major share of the contracts in a £2bn. expansion programme for Brazil's rail network. Mr. Richard Marsh, chairman of British Rail, said here that it would mean setting up local joint ventures to manufacture railway equipment.

Mr. Marsh discussed Brazil's five-year railway plan with ministers and heads of the Federal Railway Network (RFF). He was accompanied by Mr. Ken Smith, head of the BR international consultancy body Transmark, which is shortly expected to conclude a large-scale deal with Iran.

A team of British industry representatives, including General Electric, is holding further talks in Brazil this week to formulate detailed proposals.

Mr. Marsh's statement follows the report by our Caracas correspondent (this page, July 1) that BR and Transmark would join in a consortium to submit bids for a 620km rail line in Venezuela.

The Brazilian programme aims at constructing 2,400 miles of new lines and improving 6,750 miles of existing track. This includes as a main priority a new link between Sao Paulo and Belo Horizonte, with a branch to the steel complex at Volta Redonda—known for this reason as the "steel railway."

Britain hopes to sell the "know-how" for a high-voltage electrification programme for which French interests are also competing. The crucial issue for the Brazilians is one of time, since the railways, first built by British engineers last century, have been largely neglected in favour of a much-trumpeted—and in hindsight much criticised—road-building programme.

The BR team, which has also visited Colombia as well as Venezuela, hopes to seal contracts for a proposed private railway from the Serra Dos Carajas iron ore deposits in the Amazon Itaqui on the Atlantic coast, where a port and a steel complex are planned. British Steel is expected to take a 5 per cent. stake in the iron ore project, which is still being discussed by the Brazilian State-owned Companhia Vale do Rio Doce and U.S. Steel.

U.S. reactor deal prospect

Following its multi-million-dollar nuclear pact with West Germany, Brazil now hopes to conclude an agreement with the U.S. which will enable it to develop high temperature reactors.

Sr. Paulo Nogueira Batista, chairman of the Brazilian nuclear authority Nuclebras, said he expected the U.S. agreement to be completed by the end of the year.

Last week Nuclebras signed a contract with France for an experimental Cobra reactor as a forerunner for a possible fast-breeder programme.

Brazil made overtures to the U.S. some time ago for a nuclear deal on the scale of the West German one, which includes facilities for enriching uranium. This part of the West German agreement came under heavy fire from some sectors of U.S. and international opinion because of its implications for possible development of nuclear arms in South America.

The Nuclebras chairman said the safeguard agreement on which the German deal was pegged should be completed later this year with the International Atomic Energy Agency in Vienna.

He admitted that there were two potential drawbacks to the German agreement, which gives Brazil the basis for a complete nuclear industry. First, the agreement was based on optimistic forecasts for Brazil's uranium potential. Proven, commercially viable, deposits are currently less than 3,000 tons according to experts. It was possible that Brazil might still have to rely on imports of enriched fuel if the forecasts were not fulfilled.

Secondly, the German jet-nozzle enrichment process had not been used on a commercial scale and so had not yet proved its capacity to do the job at competitive prices, Sr. Batista stated.

Brazil's first nuclear reactor, bought from Westinghouse, is still under construction. Eight more are planned.

Romania to export more fertilisers to U.K.

By Ray Dafter

ROMANIA EXPECTS to ship increasing quantities of fertilisers and other chemicals to the U.K. as part of the strengthening trade bond between the two countries.

Under Romania's current five-year investment programme, 18 per cent. of total spending in industry is being channelled into the chemical process industries. Much of the money is going towards increasing capacity for fertilisers. Some 5 per cent. of total industrial investment is being used for fertiliser expansion.

The productive capacity for anhydrous ammonia has risen by 125.5 per cent. to 2.4m. tonnes a year over the past five years. The capacity for complex fertilisers has jumped a spectacular 726 per cent., to 3.5m. tonnes a year.

Although domestic consumption will increase, in step with the numerous irrigation programmes, there will be a growing volume of surplus produce for export over the next few years. The British Sulphur Corporation estimates that by the end of the decade Romania will have some 800,000 tonnes per annum a year of nitrogen to export in the form of ammonium nitrates, urea and complex fertilisers.

Arcode, the Anglo-Romanian company which handles Romanian chemical sales in the U.K., said some of the fertilisers would probably be exported to Britain.

Last year Arcode had a turnover of £3m., with the main emphasis on sales of plastics, of synthetic fibres and rubbers. Very little fertiliser was sent to Britain, largely because of the depressed prices compared with other countries.

Romania is making the chemical and machine-building industries the spearhead of its export drive on Western markets. In return, the country is seeking a wide range of equipment and technology. It has also urged U.K. companies to seek more co-operative arrangements with the Romanians.

When President Ceausescu of Romania met British businessmen in London last month he said he hoped that the present level of trade of $500m. in both directions would double in the coming years.

Three-way trade with China and Japan

By Dick Wilson

A JAPANESE trading corporation, Marubeni, has signed two contracts to export Chinese products to the U.S. and Canadian products to China. Marubeni regards the deals as a breakthrough in view of the earlier refusal by Chinese officials to seek the help of Japanese traders in selling products to third countries.

Marubeni began importing frozen prawns from China for the Japanese market last autumn, and has pressed the Chinese ever since for permission to allow re-export to the U.S. Peking has now formally agreed that 40 tons of stripped prawns can be shipped to New York. Marubeni has contracted for the intermediary export of 9,000 tons of Canadian pulp to China, following an earlier similar deal for 6,000 tons last year.

While China has used overseas Chinese merchants in Hong Kong as a channel for the import of third country products, the entry of the Japanese *shosha* in this business began only two or three years ago. Australian wool was then sold to China through C. Itoh, Nissho-Iwai and Kanematsu-Gosho. Since then China has bought cotton, steel scrap and other basic raw materials in intermediary trading through Japanese companies.

Australian trade surplus £380m. for 1974-75

BY KENNETH RANDALL, AUSTRALIA CORRESPONDENT

CANBERRA, July 8.

AUSTRALIA HAD a favourable trade balance for 1974-75 of $A630m. (£380m.) despite the big deficit run up in the first four months by the surge in imports. Official statistics show exports at $A8.71bn. (£5.26bn.), a 26 per cent. advance on 1973-1974, and imports of $A8.08bn. (£4.88bn.), a jump of 32.8 per cent.

The trade surplus in 1973-74 was $A830m. (£501m.) on exports of $A6.91bn. (£4.18bn.) and imports of $A6.08bn. (£3.67bn.), with invisibles estimated at $A768m. (£463m.). The 1973-74 imports include $A233m. (£140m.) for military hardware and civilian aircraft purchases, compared with only $A21m. (£12.7m.) in 1974-75.

The only other extraordinary item in the latest figures was $A44m. (£26.6m) shown as the value of the modern masters exhibition of paintings from the New York Museum of Modern Art.

In the first four months of 1974-75 Australia had a trade gap of $A275m. (£166m.), mainly because of the delayed impact of the 25 per cent. across-the-board tariff cut made by the Government in late 1973. There had been a further deficit of $A39m. (£23.6m.) in the preceding four months.

The figures for June, also published to-day, showed exports ahead of imports by $A229m. (£138m.), the second highest monthly surplus on record and the largest for two and a-half years.

In seasonally adjusted terms, June exports at $A821m. (£496m.) were 14.2 per cent. above May, while imports declined 7.8 per cent. to $A586m. (£354m.).

Excise duties

Quota restrictions will apply from July 9 until Australia's budget day, August 19, on clearance of goods such as liquor, petrol and tobacco products from bond and which may be subject to higher customs and excise duties in the budget.

Introduced for the first time last year, the scheme aims to prevent speculation on budget changes. In past years such speculation has sometimes allowed windfall profits of millions of dollars. Owners and importers of affected goods will be issued, with quota orders based on normal levels of retail supply.

Provision is made for appeal against individual orders to a Review Tribunal.

New promise on Lagos port congestion

By Our Own Correspondent

LAGOS, July 8.

GENERAL YAKUBU GOWON, Nigerian Head of State, has made a fresh promise that everything possible would be done to clear protracted congestion at the country's main seaport at Lagos.

He told the Nigerian trade mission that recently toured Europe that short and long-term measures were being pursued to de-congest the port and reduce the massive build-up of ships since last year.

Trade sources here said the 62-man team received complaints about Nigeria's "deplorable port and traffic situation" during its tour of the U.K., West Germany, France, Holland, Switzerland and Ireland.

Captain Olufemi Olumide, Federal Commissioner for Transport, has announced at Calabar that "bureaucratic processing which normally entails unnecessary delay will be brushed aside to enable construction work on the new port complex to take off soon."

About 180 ships are still queuing for berths.

IN BRIEF

Ecuador deficit

Ecuador is the first OPEC country to suffer a trade deficit, a budget deficit and falling foreign reserves. The problem is inability to sell oil, compounded by a month-long shutdown of the 300-mile Andes pipeline in March because of a landslide. Texaco and Gulf Oil's Venture company, which sells 75 per cent. of Ecuadorean production, claims the government has priced its crude out of the market with high taxes. President Rodrigues has just approved a price reduction. First-half year crude oil exports fell 49 per cent. The January-May trade deficit was $111m., the first since 1972, and comparing with a $174m. surplus a year earlier. Foreign reserves fell 50 per cent. in the 12 months to June 30, 1975, to $200m. The budget is already $100m. in deficit.

Alltransport Suez

Alltransport International, which has invested £100,000 in setting up a Dubai office, is considering using roll-on roll-off ships to carry road trailers through the Suez Canal to the Gulf. The economics of containerised shipments to the Middle East, using a port equipped with appropriate handling facilities, are also being examined. With Gulf partners, Alltransport plans a local distribution service.

Storey, Yugoslavia

Storey Brothers has signed an agreement with Pazinka of Yugoslavia for a joint venture to manufacture vinyl wall coverings at Pazin. Storeys will provide "know-how" in manufacturing and marketing, worth £450,000, and will also invest £250,000 over the next 15 months to bring its stake up to 40 per cent. The plant will produce 30m. square metres or 4m. rolls annually by 1977, with an ultimate capacity of 36m. square metres, or 7m. rolls.

Rolls-Royce Houston

Rolls-Royce (1971) is opening a Rolls-Royce Aero Engines Inc. office at Houston Texas. In 1974 the company sold £19m. of industrial and marine gas turbines in the U.S. out of a world-wide total of £70m.

Cheaper air freight

Emery Air Freight has introduced rates offering a saving as high as 73.5 per cent. on standard airline tariffs for air freight from Europe to the U.S. moved at the week-end. Shipments picked up in Europe before Friday evening will be in New York for clearance on Monday and in other major U.S. cities on Tuesday.

ECGD backing

ECGD has guaranteed a £21m. loan to help finance purchase of iron and steelwork plant by Altos Hornos de Mexico. Brandts arranged the finance, acting for Lloyds Bank. Contracts must have a minimum value of £100,000.

Contracts Abroad

FLUOR ATLANTIC and THYSSEN RHEINSTAHL TECHNIK will design and build a 200,000 barrels-a-day refinery at Esfahan, Iran, at a cost of $750m.

CONSORTIUM of Polytechna Foreign Trade Corporation, Prague; Russian Technical Cooperation Agency; and Economist Intelligence Unit, London, will produce a development plan for Colombo at a cost of $775,000. The EIU team of seven consultants will spend up to 11 months in Colombo during the first phase of the project, which is expected to take 32 months to complete.

TECHNIP, Paris, will build for £110m. a gas-desulphurisation plant with a 17bn. cubic metre annual capacity in the USSR, at Orenbourg, where two other Technip units with similar capacities already operate.

Export Contracts

CARBOLITE, Sheffield, a private company, has secured against determined German competition its first order from Cuba, for 237 electric resistance heated furnaces in five versions in the range 1000-1500 deg. C. They are for educational, research and light industrial use, and will be delivered by October. Mr. Peter Fielden, chief executive, recently visited Australia and Japan and returned with orders for 100 furnaces. A further visit to the USSR is planned. Export sales are twice home business, and total annual turnover is around £1m.

TAYLOR WOODROW CONSTRUCTION will design, build and instal phosphates plants costing £2.5m. for Jordan Phosphate Mines, at El Hassa, where they will raise output to 2.6m. tonnes annually. Process technology and much of the process equipment will be provided by Joy Manufacturing.

SOLARTRON SCHLUMBERGER will design and build a £750,000 action tactical trainer for the Royal Netherlands Navy.

GEC-ELLIOTT PROCESS AUTOMATION will build for £2.25m. a computer-based remote electric power distribution control system for Tehran Regional Electric Company, to cover the city's 4m. inhabitants.

INTERNATIONAL AERADIO, Southall, and TV EYE, Windsor, will instal colour and monochrome closed circuit television costing £150,000 at the new Queens Hospital, Tehran.

METAMATIC (Metal Box) is to supply and instal bottle conveyors valued at £200,000 at Heineken's Hertogenbosch brewery, Holland.

FREDERICK POLLARD is to build ten standard drilling machines worth £470,000 for a new Turkish company set up to manufacture hydraulic machinery. Pollard says order books will take production well into 1976, despite low home orders.

AMERICAN NEWS

Riccardo appointed as Chrysler's chairman

BY GUY DE JONQUIERES NEW YORK, July 8.

THE BOARD of Chrysler to-day elected Mr. John J. Riccardo as chairman to succeed Mr. Lynn Townsend, who is retiring prematurely on October 1 after almost nine years in the post

Mr. Riccardo has served as Chrysler's president since 1970. His place will be taken by Mr. Eugene Cafiero, who has served as Chrysler's executive vice president-automotive since the end of last year.

The appointment of Mr. Riccardo, who is 51, was widely expected since he was personally recommended by Mr. Townsend. Like the outgoing chairman he is an accountant by training, and he first joined the company as a financial executive in 1959.

Mr. Cafiero, who is 49, has been with Chrysler since 1953. He has an engineering background an dhas held a number of posts with the company both in the U.S. and overseas concentrating on automotive production and product development.

While Mr. Townsend's abrupt decision to step down nearly ten years before the mandatory retirement age has caused some surprise in the motor industry, it is generally expected that the management team that will succeed him will follow the same broad strategy.

In the short-term, there is probably little scope for major changes in any case. Following about 18 months of steadily deteriorating financial health, Chrysler has taken sweeping steps to cut its fixed costs and has permanently reduced its labour force by almost a third.

Like the rest of the industry, the company is now hoping for a substantial improvement in the dismal sales pattern that has dogged the U.S. car market for almost a year. But although sales have picked up in the past few weeks, it is too soon to say whether a major turnaround is under way.

Chrysler's tight financial position seems likely to prove a handicap in its efforts to develop new products to compete with General Motors and Ford, both of which are planning to spend literally billions of dollars on new models and to improve fuel economy throughout their ranges.

Chrysler is due to introduce two new lines of "compact" cars next autumn to replace its ageing Dart and Valiant models, which have proven the mainstay of its range during the past decade. At the same time, it will begin importing a small "sub-compact" made by Mitsubishi in Japan and plans to start manufacturing a sub-compact of its own in the U.S. in 1978 and 1979.

The company is also holding discussions with Volkswagen on the possibility of either selling a plant to, or sharing production facilities with, the West German company, which is keen to start assembling its small Golf model in the U.S. as soon as possible. A team of VW engineers recently visited the U.S. to report on the technical feasibility of American production.

It is doubtful, though, that Chrysler will receive any direct market assistance by linking up with Volkswagen, and by the time it is ready to introduce its planned "sub-compact" it will probably face even tougher competition from both domestic and foreign manufacturers.

General Motors, Ford and American Motors have all had domestically-manufactured sub-compacts in their range for five years or more. Moreover, GM is developing a new "mini-car" which it expects to introduce later this year or in 1976.

There have been persistent rumours that Chrysler is planning to abandon completely the production of full-size and luxury saloons, which it spent hundreds of millions of dollars to restyle only two years ago. The company has denied that any such move is planned.

CGT talks on Peron's peace plan

By Robert Lindley

BUENOS AIRES, July 8.

THE TOP leadership of the General Confederation of Labour (CGT) went into session this morning to decide whether President Maria Estela Peron's counter-proposal to end the government-labour conflict is acceptable to them.

Unconfirmed reports have it that Sra. Peron, with the country in the second day of a crippling two-day general strike called by the CGT, has backed down from the adamant stand she has held for ten days now in which she insisted on a 50 per cent. ceiling on pay rises. Now, it is said, she is ready to ratify the recently-signed wage contracts, which gave some unions rises of 150 per cent., and to accept the resignations of two, or possibly more, of her eight Cabinet ministers. Her Cabinet proffered their resignations en masse on Sunday night.

Reportedly Sra. Peron is willing to accept the resignations of Social Welfare Minister Jose Lopez Rega — her eminence grise and the real culprit in the present crisis so far as labour is concerned — Economy Minister Celestino Rodrigo, a Lopez Rega protege, and possibly Cecilio Conditti, who took over the post of Labour Minister barely a week ago.

But, still according to reports, Sra. Peron refuses to strip Sr. Lopez Rega of his positions as her private secretary and as Secretary-General of government. It is on this point and on Sra. Peron's continued determination—as the reports have it—to hold unions with no wage contracts yet signed to 50 per cent. Rises that CGT acquiescence to the President's counter-proposal may falter.

Meanwhile, the Senate is going ahead with plans to elect a president of the Senate, a post that has been vacant since April. Until Congress sanctions—as it is expected to do—a draft law tabled by the Presidency to change the law on succession to the Presidency, the Senate vice-president would be first in line to tarke over as President of the country, should Sra. Peron be obliged to step down.

Broadbent new NDP leader

WINNIPEG, July 8

MR. ED BROADBENT, vowing to fight for a "socialist central government" was elected national leader of the New Democratic Party at the party's annual convention to-day.

Mr. Broadbent, a moderate who has led the 16-member Parliamentary caucus of the NDP in the 264-seat House of Commons for almost a year, told the delegates at the leadership convention of Canada's Social Democratic party the fight to put his party in power would begin immediately.

Mr. Broadbent succeeded Mr. David Lewis as leader, becoming the third person to lead the NDP since it was formed in 1961. The first two leaders were Mr. Tommy Douglas and Mr. Lewis, who decided to resign after losing his seat in the July, 1974, federal election.

UPI

U.S. withholding tax end urged

WASHINGTON, July 8.

U.S. TREASURY Secretary William Simon urged Congress to end the imposition of withholding taxes on dividends and interest remitted to foreigners.

In testimony prepared for delivery before the House Ways and Means Committee, Mr. Simon submitted a series of Administration proposals for changes in the tax law, almost all of which had previously been recommended by the Administration in 1973 or 1974.

Reuter

Venezuelan Bill to curb foreign investment

BY JOSEPH MANN CARACAS, July 7.

A BILL which would regulate all foreign investment in Venezuela according to rules laid down by the Andean Pact has been sent to the Venezuelan Congress by the development Minister Jose Ignacio Casal and Interior Minister Octavio Lepage.

Specifically, this measure would require that foreign ownership in all companies operating here be transferred to Venezuelan citizens over a certain period of time until the foreign participation was limited to 20 per cent.

Development Minister Casal gave no specifics on the legislation except to say that foreign investors would be allotted periods ranging from three to 15 years in order to sell their majority stock holdings in Venezuelan firms. Congressional leaders say that this Bill will be given top priority and will be considered as soon as the oil industry nationalisation Bill is approved.

Chilean inflation 'higher'

BY ALEJANDRO KOFFMAN O'REILLY SANTIAGO, July 8.

INFLATION in Chile during June was running at a rate between 20 and 22 per cent., according to the president of a National Industrialist Association (Sofofa), Sr. Domingo Arteaga. The Government has not yet released the official figures on inflation for the last month and the first half of this year.

Inflation for the first half of 1975 could be as high as 147.3 per cent., slightly over that in the first half of 1974, when inflation reached 145.6 per cent. At the end of last year, inflation had reached 375 per cent., in spite of the anti-inflationary programme enforced then by the military junta's civilian economic advisers. The Government have been enforcing a new, tougher anti-inflationary campaign since April, which is pushing up unemployment. According to labour estimates, one out of five Chileans will be unemployed before the worst of the anti-inflationary programme is over.

● General Mills reported that preliminary estimates for the year ended May 25, 1975, revealed that sales increased 15.4 per cent. and reached $2.309 bn. Net earnings reached $76.2m. or $3.19 per share. Earnings were reduced $7.8m. or 32 cents per share, by a change in fiscal 1975 to the LIFO method of accounting for approximately 36 per cent. of the company's consolidated inventories. If the FIFO method had been used for the LIFO inventories, total inventories would have been $15.9m. higher than reported. After the LIFO reduction, earnings were ahead of the $75.1m. or $3.18 per share, earned in the previous year.

U.S. inflation brings back the $2 bill

WASHINGTON, July 8.

INFLATION has persuaded the Treasury Department to bring back by the end of the year a once-maligned currency — the two dollar bill.

The bill was withdrawn in 1966 because the Treasury said that no one wanted to use it, but the department now believes its revival can save $4m. in escalating printing costs.

Secretary of the Treasury William Simon, in a letter made piblic to-day, said that he hoped to have the controversial bill back in circulation by the end of the year.

As well as being considered unnecessary, many Americans regarded the two-dollar bill as unlucky. At some racetracks, people would refuse to accept the bill as change.

Reuter

BETTER TIMES IN SEATTLE

Out of the nosedive

BY MAURICE IRVINE, RECENTLY IN SEATTLE

A FESTIVE air reigns this summer in Seattle, capital of the Pacific North-West of the U.S. A vast new sports stadium is going up. Airlines offer package tours to the city's Wagner festival, including the complete *Ring* cycle, no less. New giants of glass and steel are changing the skyline. Thousands of white sails glide among the ferries on glittering Puget Sound.

The cheerful bustle, in this attractive city, built like Rome on seven hills, but with a backdrop of snowy mountains, mark Seattle's emergence from five years of the economic doldrums induced by a near-fatal over-reliance on one major industry. When aerospace went into a nose-dive in 1970, the Boeing Company—and Seattle—went with it. Now, after years of struggle for businessmen and anguish for tens of thousands of unemployed, a creditable recovery can be reported.

The smiles are only partly due to Boeing's improved performance last year—its best since 1968. Seattleites, a hardy breed, many with Scots and Scandinavian ancestors, are building up a solid, broad-based economy. Aerospace is still important, but Seattle is on the way to becoming a "headquarters town," a nerve centre for the North-West's banking, distribution, trade with Japan and the Far East. It is already the main staging port for oil-rich Alaska.

"In the long run Boeing's crunch may prove to be a God-send for us all," a land development executive told me. "It has cut back rank growth to a more realistic level and forced us to expand our interests."

Throughout the 1960s, Seattle did little to follow the example that Portland, Oakland, and other West Coast ports were setting in diversifying their industries. Boeing brought more than 50,000 people into the area to build the 747 jumbo jet, then thousands more to realise the dream of America's SST, which was to be the bigger, better, faster U.S. rival to Concorde. Boeing was the largest employer by far, and it looked as if the good times would never end. Then, without warning, came recession. After the initial airline scramble for the 747, passenger loads fell off drastically and PanAm, TWA, along with other world carriers, found themselves with dozens of unusable jumbos on their hands. Sales graphs plunged into the red. On top of that came cancellation of the SST project, loss of the contract to build the B1 bomber, double sonic, long-range spearhead of the USAF's Strategic Air Command (replacing the old B52), and loss of a contract for the main booster section of the $6.2bn. space both to Rockwell International.

> "America was shocked to hear that the Japanese were sending food parcels."

By late 1971, Boeing had laid off 64,000 people, cutting its work force to a low of 37,000. Highly skilled engineers and administrators, men who had never been unemployed in their lives, were among the casualties. At Boeing, it was said, an optimist brought his lunch, a realist left his engine running in the parking lot. The rest of America, oblivious to what was going on, was shocked to hear that the Japanese—who have investments in Seattle and who have traded through its port for decades—were sending food parcels to the needy. From Kobe, Seattle's twinned city in Japan came gifts of money to help Neighbours in Need, a church-organised a relief programme which fed 15,000 people a week.

Boeing's recovery has been variable: the Seattle region work force climbed back to 55,000 last year, then was cut back by 4,000 in January, the company foreseeing a drop in sales of commercial aircraft this year. Tens of thousands of workers have found jobs elsewhere, many in fast-expanding service businesses, which have grown by 13 per cent. in three years.

Among the 2m. people living in Seattle and the cities scattered around Puget Sound, unemployment has been almost halved, from the record high of 15 per cent. in 1971 to something close to the national average of 8 per cent. this year. "We've learned how to tighten our belts, and shift from job to job," said Mr. Merle Adlum, head of the Inland Boatman's Union, an important figure to the ferry-fleet which carries 10m. passengers a year about the Sound. Many are workers who commute, enjoying a twice-daily cruise, from islands and peninsulas in the bay to Seattle.

Shipping and shipbuilding expertise are one of the causes of the turnaround. The area's port facilities are claiming an increasing share of America's container trade with the Far East. "We're half a day closer to Japan than either San Francisco or Los Angeles," port officials point out. The effects of a 1972 federal commitment of $600m. to bolster the U.S. merchant marine are being felt. Lockheed Corporation's shipyards here have supplied thousands of jobs building vessels such as a $53m. ice-breaker for the Coast Guard and a big ferry for Alaska.

Forest products are expanding, making the timber industry once again the state's largest employer. The region supplies 30 per cent. of the plywood sold in the U.S., where it is widely used in construction. Construction is booming: several new skyscrapers now challenge the space needle, a 607 feet remnant of the 1962 World Fair, topped by the inevitable revolving restaurant—a 42-storey Bank of America, a 30-floor Financial Centre. Other new features include a $35m. development project to transform 10 acres of central Seattle.

Tourism is burgeoning. There is a haunting sense of the great outdoors with mountains and water so close: you can hike, climb, camp, and ski, as it were, in your own backyard.

For $1, the polite and muscular young men who run the Uncle Goose Pedicab Company trundle tourists around the sights of "historic old Seattle," where many of the buildings date back—gasp!—to 1909. For a further 75 cents, you get a detailed description of the city in Gold Rush days. "Did you know the term Skid Row originated right here in Seattle?" Why, no.

The tour omits to-day's Skid Row, the euphemistically-named International District—a shelter for thousands of Oriental settlers—where Neighbours in Need still hands out free food scrounged from the state and big chain stores. But the lines are much shorter, and the middle-class White workers who once waited in them have been largely replaced by men and women from minority groups, with a generous sprinkling of drifters and drunks.

It differs little from any other big U.S. city, but Seattle, at least, has a sense of responsibility about these forlorn people. It dates back to the depression of the 1930s, when this was the soup-kitchen capital of country, and labour strife led to the founding of a strong Unemployed Citizens League.

What Seattle has done, it has done for itself, with little federal aid. Much credit for the recovery is given to an economic development council, composed of business and union leaders, plus minority group representatives, which was formed at the height of the crisis to broaden the base of industry, build up ports, factories, attract new ventures and "recycle" Boeing employees into such areas as urban renewal and environmental research. The campaign was defiantly named SST—for Seattle Stands Tall.

People were spurred to action, many now agree, by the ruthless way in which Boeing solved its own problems. Unlike other aerospace concerns, the company never sought a Government handout, yet it is in better shape now than many rivals.

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OVERSEAS NEWS

ANC will 'intensify the struggle' in Rhodesia

DAR ES SALAAM, July 8

RHODESIA'S African National Council (ANC) said to-day it would intensify the struggle for Black majority rule in the breakaway British Colony.

A brief statement issued after a four-day meeting here said it was up to Rhodesian Prime Minister Ian Smith and the British Government to decide whether to hold a constitutional conference on the independence dispute.

The ANC. Rhodesia's only legal grouping formed from the three rival nationalist movements, ZAPU, ZANU and Frolizi, in an uneasy alliance last December, maintained its position that any such conference must be held outside Rhodesia. Mr. Smith has insisted on a venue in Rhodesia.

The Dar Es Salaam meeting, which brought together the 30 members of the ANC central committe for the first time in several months, was held to assess recent developments in Rhodesia and the chances of fruitful talks with Mr. Smith.

The ANC statement, issued after the nationalists' meeting finished just before dawn, put the onus on the Rhodesian Government to show that it wanted to negotiate a peaceful transfer to black majority rule.

It also showed a hardening of the ANC position on possible resumption of the guerilla war—and hinted that if the current negotiating impasse is not broken, Mr. Smith will face a new military threat.

The Nationalist leaders later met Presidents Julius Nyerere of Tanzania, Kenneth Kaunda of Zambia and Sir Seretse Khama of Botswana, and Mozambique's Foreign Minister, Joachim Chissano, to report on their new position.

Tony Hawkins reports from Salisbury. In a two pronged statement to-day Mr. Smith said he will appoint a commission to study "unnecessary and undesirable" racial discrimination in Rhodesia and also announced the Government would take new strong measures to increase the effectiveness of anti-guerilla operations.

Mr. Smith's Commission on Racial Discrimination is seen as a conciliatory move and was applauded by African MPs though it may be considered too little and too late by the nationalist leaders. He promised that the commission would report on ways and means of removing discrimination.

The Prime Minister recalled that a commission to investigate discrimination had been part of the 1971 settlement terms agreed with Sir Alec Douglas-Home, while a ceasefire in the terrorist war had been agreed at Lusaka last December in meetings with the ANC.

He accused the ANC of finding "one excuse after another" for not coming to the conference table and that there had been "no real diminution, let alone cessation" of "terrorist" activity.

In both respects — discrimination and violence — the black majority had suffered. He had decided that for too long the country's 5.9m. blacks had been denied by the ANC the benefits which would flow from "an internal settlement." Accordingly, he was taking positive action through the appointment of the commission.

Earlier the publicity secretary of the ANC, Dr. Edson Sithole, who with two other members of the ANC delegation returned to Salisbury to-day, said the ANC would not begin constitutional talks of any sort with Mr. Smith inside Rhodesia.

He also announced that the council had decided to streamline its central executive by reducing it from 68 to 30.

Dr. Sithole said the new executive would consist of nine senior executives and their deputies as well as 12 delegates—four from ZAPU, four from ZANU and four from Frolizi

Bridget Bloom writes: Despite the tough tone of the ANC statement, it is not yet clear whether the Dar es Salaam meeting has achieved its dual objective of mending the ANC's shattered unity and of preparing a common ANC position on talks with the Smith regime.

It would seem that the leadership conflict within the ANC has been shelved rather than solved. Bishop Muzorewa has been given a mandate to continue as President and, it seems, the ANC's leaders have agreed to stop their public mudslinging. But a decision to postpone for the time being the ANC congress, and instead to restructure the ANC's executive inside Rhodesia, suggests that the ZAPU and ZANU factions will continue to jostle for positions of influence and power.

Neither does there seem to have been complete agreement on the stand which the ANC would take if Mr. Smith were to agree to substantive talks. While all members agree that majority rule is the aim, there still appears to be a difference between the Rev Ndabaningi Sithole, former ZANU leader, who advocates a 12-18 month transition, and Joshua Nkomo, former ZAPU leader, who could negotiate on a 3-4 year time scale to majority rule.

According to observers in the Tanzanian capital the feeling is growing among many Rhodesian nationalists that renewed guerilla war is inevitable, much though the Presidents of Tanzania, Zambia and Mozambique might regret it—and might continue to try to prevent it, if only because of their realisation that the divisions within the civilian arm of the ANC are mirrored in the military wings.

Editorial comment Page 18

Iraqis told to close Damascus office

DAMASCUS, July 8.

SYRIA TO-DAY decided to *close the office of the Iraqi* military attache here and ordered all its staff to leave the country within 48 hours, Arab diplomatic sources said.

The move was seen by observers in Beirut as a worsening of already deteriorating relations between the two countries, ruled by rival factions of the Arab Baath Socialist Party.

Syria also decided to close the offices of its military attache in Baghdad, the sources added.

Syria last month charged that its acting military attache in Baghdad was stabbed in the back and asked for a full report on investigations by the Iraqi authorities into the alleged attack. (It was noted *in Beirut that Iraq had denied* the charges and accused the acting military attache of "fabricating the incident.")

The Beirut observers attributed to-day's move to a possible failure by Iraq to provide Syria with the report it had asked for or to Syrian dissatisfaction with the report, if supplied.

The decision follows months of recriminations between the two countries, which also led to the closure of the Iraqi consulate in Aleppo and the offices of both national airlines in the respective capitals.

A deep-rooted rift between the rival factions of the Baath Party was exacerbated by Iraqi charges that Syria had withheld the Euphrates River waters behind the Tabqa Dam. Iraq has notified the Arab League of what it described as continued Syrian provocation and violations on the Iraqi border, the Iraq news agency said in Baghdad.

The agency said Iraq had referred the matter to the Arab league to seek "a definite end" to the alleged violations. It gave no other details.

Reuter

Index-linked saving has arrived in Britain. **L. Daniel,** Tel Aviv Correspondent, describes how Israel has fared with the idea

The Israeli system

BRITAIN'S tentative entry into the never-never land of index linked savings has been greeted in Israel with raised eyebrows and some ironic smiles. No comprehensive scientific study has been made of the subject in Israel, but the banking community is concerned about the snow-balling effect of index-linked borrowing, the country having been in the grip of what has turned out to be a sorcerer's apprentice for close to 20 years.

Unlike most Western countries, which have only recently experienced massive inflation, Israel—whose population quadrupled over 25 years—has always lived with a high inflation rate. This—and periodic devaluations of the Israel pound—were the price the young state paid for a unique rate of development and immigrant absorption.

Protection against the erosion of the purchasing power of recipients of foreign currency was provided by the introduction of a system under which they may hold that income, be it from German restitution payments or other sources, in foreign currency accounts for conversion at such time as they see fit and at the rate then in force. This system was worked out when transfers from German restitution payments and pensions had fallen off sharply following two devaluations in the Israel Pound in 1952 and 1956.

Investment

Simultaneously, the authorities began to issue both index-linked and foreign currency-linked debentures for periods ranging from five to 17 years. The aim, as in Britain, was to protect the purchasing power of the money invested. At a somewhat later stage, in the 1960s, index-linking also became a deliberate instrument designed to encourage savings among broad strata of the population, as part of general economic policy.

The system differs in several important aspects from the index-linked Save As You Earn (SAYE) scheme introduced in Britain this month. The Israeli bonds attract interest over and above the revaluation of the principal in step with the rising cost of living, whereas the SAYE contractual savings benefit from index-linking alone.

Some of the objections of the Israeli financial community to their own schemes are also avoided by the British method, since contractual savings have to be kept up for at least five years to profit from the index-link, do not produce a negotiable security, and are not available to businesses.

In Israel (as in Britain) it was thought that the effect of the issue of index-linked securities and the *introduction of index-*linked savings schemes by the banks, municipalities, and other sources, would have an anti-inflationary effect by freezing money for considerable periods. However, the volume of these issues in circulation has grown to such an extent, and bourse trading in them is of such proportions, that they have merely become another form of security, available for speculative as well as short-term investment purposes, as distinct from the long term originally envisaged. The interest is free of income-tax at a time when the cost-of-living index, and therefore the value of the issue, is rising by more than 35 per cent. annually.

The volume of debts in index-linked bonds—including interest *due and gains from the index link*—owed by the Government and by financial institutions had reached the equivalent of £4bn. by end-1974, a sum identical with the total State budget for 1975-1976. By the end of 1975 the sum is expected to reach £5bn.

Linkage

Of the total of £4bn. at end-1974 only £1.5bn. represented principal, £700m. interest due, and no less than £1.8bn. linkage gains. It is no wonder therefore that prominent economists, such *as the doyen of Israeli banking,* the Bank Leumi chairman, Dr. E. Lehmann, suggest that all linkage gains be taxed at the rate of 25 per cent. at least if the issue in question has been held for less than five years, meaning that it does not represent genuine long term savings. That could, of course, be applied only to new issues, and that is why the Government is hesitating. If issue terms were changed (even though 8 per cent. interest plus linkage, minus 25 per cent. tax would still represent a highly respectable income) it might interrupt temporarily the flow of new funds to the Treasury, funds needed to redeem earlier issues and to pay interest.

The banking community and the authorities do not see eye to eye on the *need for correcting* the current state of affairs. But both deplore the one-sidedness of the system—the fact that other loans, such as those to industry, are not linked to the index. Businesses can invest at least part of their money in tax-free index linked paper while running an overdraft at the bank, interest on which is tax-deductible, or repay bank loans in depreciated currency 10 years hence with the tax-payer footing the bill.

Japan-Taiwan air link to be restored

BY CHARLES SMITH

TOKYO, July 8.

THE AIRLINK between Japan and Taiwan which represented Japan Airlines' biggest source of revenue before it was cut last year by the Taiwanese Government is to be re-established in an agreement due for signature to-morrow between private organisations of the two countries.

The agreement marks the end of a feud between Tokyo and Taipei which started when Japan signed an air services agreement with Peking last spring and followed this up with a statement saying that it did not recognise the emblem on the tails of Taiwan's China Airlines aircraft as a "national flag."

The two Government have patched up their differences following a statement in the Diet last week by the Japanese Foreign Minister, Mr. Kiichi Miyazawa, which admitted that the Taiwnaese "sun in a blue sky" emblem is regarded as national flag by countries which maintain diplomatic relations with Taiwan (*Japan has no such* relations).

The real point about the agreement, however, is that both Taiwan and Japan have realised that the cutting of the airlink was a very costly step. Japanese traffic to Taiwan (although still carried by third country airlines) has fallen off a lot in the past year. Japan's trade with Taiwan has been overtaken by its trade with China and a potential boom in Japanese package tourism to Taiwan has failed to materialise.

The draft agreement provides for flights to be resumed at the rate of 40 a week (the same number as before the cut) with China Airlines operating the service from the Taiwan side. The name of the Japanese airline operating the service remains blank in the agreement but the Taiwanese have stipulated that it should not be an airline with close associations with Peking

Early freedom sought for Hills

KINSHASA, July 8

THE FOREIGN Secretary, James Callaghan is seeking a pledge of early freedom for Denis Hills, the imprisoned British lecturer, before agreeing to fly on to Uganda to-morrow, informed sources said here to-night.

Mr. Callaghan flew to Zaire to-day to a low-key welcome aboard an RAF VC-10 aircraft from Rome.

He will make up his mind about the Kampala visit after a breakfast meeting to-morrow with Zaire's President Mobutu Sese Seko.

Uganda's President, Idi Amin, has named President Mobutu as an intermediary in the Hills case. Last week, the Uganda leader lifted a death sentence passed on Mr. Hills for alleged treason and said the matter was now in President Mobutu's hands.

Only a handful of reporters were at Kinshasa airport to see Mr. Callaghan being greeted by Zaire's Commissioner for Foreign Affairs, M. Mandunga Bula.

Mr. Callaghan told the reporters he was encouraged by the fact that President Amin had said he would leave the Hills case in President Mobutu's hands and would follow the Zaire leader's advice.

"Our discussions here will be against this background," Mr. Callaghan said.

Informed sources said Mr. Callaghan took the view that any pledge of clemency issued by President Mobutu would be honoured by President Amin.

If the Zaire leader conveys a promise of early release for Mr. Hills, then Mr. Callaghan would almost certainly take a prompt decision to make the two-and-a-half-hour flight to Kampala as early as possible to-morrow.

Reuter

Our Nairobi correspondent adds: PRESIDENT AMIN flew into Nairobi to-day. He was expected to stay overnight with President Kenyatta.

No statement has been made about a possible meeting with Mr. Callaghan in Kampala but it is now expected that they will meet to-morrow evening with Mr. Callaghan flying direct from Kinshasa to Entebbe.

General Amin announced that his visit to Somalia earlier to-day was for consultations with President Siad Barre, the current Chairman of the Organisation of African Unity from whom Gen. Amin is due to take over the chairmanship later this month when the OAU summit is held in Kampala.

Arab cash 'could help S.E. Asian investment'

By A Special Correspondent

MANILA, July 7.

TRILATERAL financial arrangements between the Arab world developing countries and advanced countries could be the answer to desires for rapid industrialisation, a leading Arab banker said here to-day.

Mr. Fawzi Hamad Sultan, managing director of the Bank of Kuwait and the Middle East, was speaking at the Financial Times conference on present and future South East Asian financial markets.

With the growth of Arab petro-dollar funds a bolder and more adventurous investment policy around the world could be expected, he said, including closer links with the South East Asian markets. But Mr. Fawzi Sultan did not see Arab investors' desires to help the developing world rapidly changing their primary preoccupations with security, stability and income.

Arab investors were already casting eyes on the South East Asian markets but often the simple lack of organisational links inhibited them, he said.

Against this, there were two distinct advantages in South East Asia: firstly, continuous financial services were available during most Arab working hours which gave Arab financiers indications for other centres and, secondly, the smaller size of markets plus their excellent potential and growing willingness to accept Middle East currencies.

Those countries with political and financial stability would obviously benefit most, said Mr. Fawzi Sultan, and even though the Arab world was beginning to learn the intricacies of hedging operations, they still avoided sharply fluctuating currencies.

"Another very important concern relates to the wish for going beyond mere money lending or money investment and for promoting through financial deals a policy of industrial cooperation." These possibilities offered much broader vistas in cooperative arrangements between the two or more parties.

EUROPEAN NEWS

Paris' monetary summit call greeted by scepticism

BY RUPERT CORNWELL PARIS, July 8.

WITH YET more depressing statistics raining on his head, French President Valery Giscard d'Estaing has proposed an extended summit meeting of leading Western powers to tackle the monetary problems that France believes lie at the heart of the present world economic crisis.

What the President has in mind exactly is still somewhat uncertain, and the Elysee Palace spokesman this morning did little to amplify M. Giscard d'Estaing's remarks, in an interview here with representatives of the Hearst newspaper chain, published this morning.

The format he has suggested is highly unusual. The idea, apparently, is for leaders of the major industrial nations—France, the U.S., Germany, Britain, Japan and Italy—joined perhaps by other developed countries, to meet this autumn, ideally in Paris. The talks would be informal, spread over four or five days, with no communique at their end.

However, the reasoning behind the proposals is crystal clear, and is an extension of the argument that France has been expounding with increasing vigour in recent weeks, particularly since the decision to put the franc back into the EEC currency "snake."

For the French Government, no real solution to the recession and other economic ills that beset the world is possible without a solid monetary system. This, in the view of officials here, would involve stable exchange rates between major currencies, above all the dollar, and tighter controls on inflationary excess liquidity.

In the interview the President argues that the energy crisis is not the major difficulty facing the West. Despite the quintupling of oil prices since 1973, the hub of the global economy remains the advanced industrial nations of Europe, North America and Japan.

"To my eyes, it is monetary structures which are the essential problem facing the Western world, and not the price of oil. What the world calls the crisis of capitalism is in fact a monetary crisis," he told his questioners.

The immediate reaction of observers here was doubtful, given the plethora of ministerial meetings which take place already, dealing with economic and monetary problems. In any case, before any proposed autumn summit, the Interim Committee of the IMF is due to have another go on August 31 in Washington at settling outstanding, if rarefied issues of monetary reform.

The impression of diplomats here is that no official soundings have yet gone out from Paris. They tend to see the interview as a piece of kite-flying to gauge likely reaction, above all from the Americans who have recently clashed violently with France on the very issue of fixed and floating exchange rates.

Meanwhile the economic climate in France is going from bad to worse. The latest gloomy tidings have come from the head of the French Steel Federation, M. Jacques Ferry who is forecasting a drop in steel output of 20 per cent. this year, the worst for French steelmakers since the 1930s."

M. Ferry said that output would drop back to the levels of 1968 and 1969, and that investments would, at an estimated Frs.3.4bn., be around 17 per cent. down on last year. Moreover, without an upturn early in autumn, redundancies on a large scale would be inevitable.

At the same time a study by the National Statistics Institute, INSEE, suggests that corporate capital spending in 1975 will be down by 8 or 9 per cent. this year—despite the incentives contained in the April Frs.15bn. reflationary package.

This evening the Government is expected to take further steps to help the hard-pressed construction industry with an extra Frs.1.5bn. of credits.

Simonet lambasts U.K. over N. Sea oil

By Reginald Dale, Common Market Correspondent

STRASBOURG, July 8.

THE ECC Commission to-day finally lost patience with British and French obstructionism over common Community energy policies and delivered a searing attack on the U.K. for its national "obsession" with North Sea oil.

At to-day's session of the European Parliament here, M. Henri Simonet, Commission vice-president for energy, also sharply criticised France for its attitudes towards oil-sharing in the event of a future energy crisis. But he reserved his most withering remarks for the U.K.s "fetishist" complex over North Sea oil, which he describes as "frankly psycho-analytic."

In one of the most sparkling performances ever seen in the Strasbourg Parliament, M. Simonet's strictures of Britain were warmly applauded by nearly all the deputies present in the chamber, including some from the U.K.

While the Commission took an extremely low-key line on North Sea oil before last month5s referendum, M. Simonet's biting remarks today were clearly meant to show British public opinion that it was now time to wake up to what Community membership really involved.

His statement was obviously directed primarily at the newly-arrived members of the British Labour Party delegation, some of whom have continuing reservations over EEC membership.

But the message was not meant to be lost on Tory MPs either.

Britain, he said, could not have it both ways. The U.K. could not ask for Community measures to guarantee a profit from the North Sea and at the same time insist on keeping all the oil for itself.

M. Simonet spoke after Mr. Tam Dalyell, one of the new Scottish Labour MPs in Strasbourg, had pointed out that North Sea was a "gut issue" in U.K. politics and suggested that British attitudes would be "more relaxed" if there was a real conviction that the Community had a policy for developing other sources of energy.

Mr. John Osborn, for the Conservative delegation, had asked what progress the EEC was making on minimum prices for coal and oil and said Britain must have a guaranteed market for its energy exports in Europe.

All th's was too much for M. Simonet, who clearly thought the time was ripe for British MPs to be told a few home-truths.

"I assume if you are to produce it not simply for aesthetic reasons, you want it to meet your own requirements, to help with your balance of payments, and to want to sell it," M. Simonet continued. "I cannot understand the psycho-analytic obsession you have for your oil."

The U.K. had received guarantees that the Community would not try to impose a depletion rate that the Government could not accept, M. Simonet recalled. "But you cannot ask others for price guarantees for your expensive oil and then say you will not produce it because you decide the rate of extraction."

The contradiction was perhaps explained by Britain's unfamiliarity with Cartesian logic, he suggested.

But M. Simonet, a Belgian, also had barbs to fire at the Cartesian French. He told Parliament he regretted that France, which would have benefited from the proposal, had rejected Commission recommendations for a real common market in oil and oil products.

It had done so on the "specious grounds" that the proposals flowed from the fact that the other eight EEC countries were members of the Paris-based International Energy Agency (IEA).

Philip Rawstorne writes: The British Liberal party has decided that it should be represented at the European Parliament for the rest of this session by Lord Gladwin, the Liberal peer, instead of Mr. Russell Johnston, MP for Inverness. Lord Gladwyn, a former British Ambassador to France, returned to Strasbourg to-day after being dropped from the British Parliamentary delegation. Liberal MPs had decided that he should take Mr. Johnston's place because of his involvement in a report on European defence policy

Algerian oil agreement in doubt

BY RUPERT CORNWELL PARIS, July 8.

THE BROAD hint dropped by the State-controlled French oil group Elf Aquitaine that it may not renew production and exploration agreements with Sonatrach when they expire at the end of 1975 can only add to pressure on Algeria to reduce the price of its crude, currently at $11.75 per barrel.

At a Press conference here to present Elf's results in 1974, the group President, M. Pierre Guillaumat, made it clear he would prefer a "normal commercial agreement" instead of the existing arrangements, which date from December 1971. These themselves followed the nationalisation by Algeria that January of all French oil interests in the country.

At present Elf, with a 49 per cent. stake in a joint venture with the Government-backed Sonatrach, is entitled to lift around 6m. tons of crude yearly in Algeria. Substantial though this still is, it is a diminishing part of the group's total output. Of last year's 21m. tons, 13m. came from the expanding fields in the Gulf of Guinea off West Africa.

Elf's argument is simple. While it can expect new sources of oil in Iran and Iraq to come on stream within two years, it faces huge investments to develop its substantial North Sea assets. Thus it neither needs oil at the high price which Algiers is still insisting upon, nor can it afford to pay that price.

Should M. Guillaumat go through with his proposal French relations with Algeria are scarcely likely to be improved —even though the other major oil group, CFP, did sign a new five-year deal last spring, just before President Giscard d'Estaing's official visit.

At the moment Algeria seems determined to maintain the price of its crude. Last week-end, the official news agency APS not only ruled out any cut, but publicly chastised three other OPEC members, Libya, Iraq and Nigeria, for lowering the price of their own oil.

In doing so, however, it has taken something of a risk. For all its radicalism, Algeria is financially among the most exposed of the producers, and many observers here are wondering how long it can hold out, particularly if world demand for oil remains depressed.

Company results Page 24

AGIP signs Libyan supply pact

BY ANTHONY ROBINSON ROME, July 8.

AGIP, THE OIL subsidiary of the Italian state-controlled ENI group, to-day signed a massive long-term oil supply contract with Libya unedr which it will receive guaranteed supplies of 12m. tons of crude annually at market prices .The agreement is renewable annually.

Up till now AGIP has been lifting 3.5m. tons annually from the Abu Attifel field. This will now rise to 8m. tons with the remaining 4m. coming from other fields such as Brega and Sair (ex-BP). The current posted price for Libyan crude is $15 per barrel, and the buy-back price is between $11.56 and $11.20 depending on quality.

Under the new agreement AGIP will receive around 40 per cent. of its total annual crude needs of 32m. tons from libya. In return, Libya has obtained a sure outlet for its crude at a time of falling world demand. ENI will pay for the crude principally through the supply of technical services, refinery, petrochemical and pipeline equipment and know-how. One project under study is a refinery at Tobruk.

Another possibility touched on during the negotiations but not finalised is for Libya to take a financial stake in an Italian refinery. The ENI group also contains a land use and resource utilisation subsidiary which is expected to help Libya with plans to develop the agricultural potential of parts of the coastal strip and oasis areas.

Bordeaux court reduces wine fraud sentences

BORDEAUX, July 8.

THE BORDEAUX appeal court to-day reduced sentences on two members of a famous wine trading family found guilty in last December's "Winegate" fraud trial.

M. Lionel Cruse and his cousin Yvan were each given 10-month suspended sentences and fines of Frs.20,000 (£2,200). Earlier they were given one-year suspended sentences and fines of Frs.27,000 (£3,000). They were also ordered to pay legal costs.

The sentences of another five defendants were also reduced, and none of them will have to face terms in jail. Periods of probation, imposed in December, were also lifted.

Of the 18 defendants tried eight months ago, 10 were acquitted at the end of the trial. The prosecution case was based on a 55-page report prepared by fraud inspectors who charged that wine had been chemically doctored to alter its taste, colour and smell and that labels were switched and wine mixed to upgrade it.

In addition, they alleged that documents essential to their enquiry had disappeared.

Reuter.

Budapest, Prague promote Soviet-trained officials

BY PAUL LENDVAI VIENNA, July 8.

A MOSCOW-trained Communist Party functionary, Mr. Ferenc Havasi, 46, has been elected by the Hungarian Parliament as a Deputy Premier, replacing Mr. Matyas Timar, who since 1967 had been a Deputy Prime Minister and played an important role in the preparation of economic reform policy. Mr. Timar, Finance Minister between 1962 and 1967, was appointed as president of the National Bank, a politically less influential position.

A high-ranking union official, Mr. Tivadar Nemeslaki was elected as Minister of Metallurgy, while another party official, Dr. Pal Romany, took over the Ministry of Agriculture and Food Industry. A Moscow-trained chemical engineer, Dr. Pal Simon became Minister of Heavy Industry.

The changes appear to reflect the growing influence of the Communist Party and union apparatus on economic policy-making. With the demotion of Mr. Timar, the entire top governmental team which initiated the economic reforms launched in 1968 has been replaced.

It may be of some significance that three of the five deputy premiers are graduates of the Moscow Communist Party high school or university and each spent three to four years in the Soviet Union.

● Meanwhile, in Czechoslovakia, Mr. Viliam Salgovic, the man who acted as the chief liaison man of the Soviets during the August, 1968 invasion of Czechoslovakia and then sacked as Deputy Minister of Interior by Mr. Alexander Dubcek's reformist team, has been "elected" as chairman of the Slovak National Council in Bratislava.

In addition to his new position as head of the provincial Diet, the 55-year-old former professional army officer and later party functionary was also co-opted two weeks ago to the Central Committee and at the same time elected to the Presidium, the top Communist Party body.

The latest appointments mark a significant breakthrough for Mr. Salgovic, who is a former Soviet partisan and graduate of a Soviet Army officers' school during the Second World War and generally regarded as a pro-Soviet hardliner.

YUGOSLAV MANAGEMENT

How workers' control works

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

ONLY A FEW steps from the spot in the Bosnian capital of Sarajevo where Archduke Franz Ferdinand was assassinated in 1914, stands a modern glass and concrete office block with the monogram E above the doorway. It is the home of Energoinvest, the Yugoslav mining and engineering concern which at the latest count was the country's 12th largest company with a turnover of £250m.

On the first floor is the office of Mr. Emerik Blum, a bespectacled and carefully spoken figure turning 60. Mr. Blum is Mr. Energoinvest. He shaped it and is the driving force behind it. But he insists on his official title of President of the Business Board which takes its orders from the Workers' Council.

That is not false modesty on the part of a man who rates as one of Yugoslavia's best-known businessmen. It is a fact. Like other company managers who overstep their powers, he could be sacked to-morrow if he did not respect it.

It is easy to fall into the trap of applying Western labels to Yugoslav companies. They produce annual statements, conduct their own foreign trade, merge, and sometimes go bankrupt. The conditions they operate in also look familiar; there is a market economy, and Comecon-style plans and state ownership are unknown. But there is self-management, and that is why Mr. Blum's exact title is important. Under this system, unique to Yugoslavia, a company's employees are also in a sense its shareholders. They lay down company policy, decide how profits are to be distributed, and pay themselves what for lack of a better word are dividends.

On the principle that only work can produce income there are no shareholders proper and Mr. Blum and his fellow executives on Energoinvest are responsible only to their workers' council.

An extra feature of the system, particularly applicable to Energoinvest, is that large companies are composed of production units which have a life of their own like cells of an organism. Each can decide independently to leave the company and join another one, so long as this does not jeopardise the others. This innovation, introduced in the last few years, gives Yugoslav business what some people claim is even greater flexibility than the Western system of mergers and splits.

> The time spent by workers at their council meetings is probably less than that lost by strikes in the West.

Conglomerate is not a popular word in Yugoslavia because of its capitalist ring. But its definition as a large group of companies with varying interests fits Energoinvest. Employing 30,000 people, it now has 89 units including 40 factories, nine mines, five R and D units and countless service units serving the whole group. Many of these were formed inside the group, but others were absorbed into it, either because they were ailing or because they applied to join.

One of the most important is the bank, the stem from which the whole enterprise grows. Yugoslavia has conventional sources of finance like banks and finance houses, but Mr. Blum believes Yugoslav conditions demand that each large company must have its own bank. Every member unit contributes to it, and all can draw from it, a process which is said to help the enterprise's even growth. To swell its funds, Energoinvest plans soon to open the bank to personal savings.

How efficiently does this system operate, given that it serves an ideological as much as an economic end? Mr. Blum agrees that self-management trims his powers, but is not sure that that is a bad thing. Energoinvest has maintained its profitability during the last two difficult years, and is planning further expansion, he says.

Lack of central control, though, has been a major cause of irresponsible spending and chronic cash shortages in Yugoslav industry. Several companies (not including Energoinvest) had their bank accounts blocked a couple of years ago until they had sorted out their finances. Another criticism, that self-management slows things down, is brushed aside with the claim that the time spent by workers at their council meetings is probably less than that lost by strikes in the West. Stoppages are not unknown in Yugoslavia, but following a severe purge of overbearing managers, they are few and far between.

Western misgivings about worker-managed companies centre on wages, and specifically how workers can be relied on to pay themselves an economic wage, and not more. The Yugoslav Government agrees that people need to be educated about this, and it issues guidelines as to what proportions of a company's profits should be ploughed back, put in reserves, or paid out in wages. It is an important part of the whole idea of self-management that profits are computed before wages are paid, not after as in the West. In other words, labour is not considered to be a part of production costs; a worker's reward is only calculated after the company's performance has been totted up.

Last year Energoinvest announced profits before wages of £55m. on turnover of £246m. Workers then had to decide how much of this the company could spare in wages, given the economic climate, prospects and so on. In the event they awarded themselves a basic average net wage of £70 a month, slightly less than the national average, which added up to a wage bill of £25m., just under half total profits. But on top of this workers were also entitled to statutory allowances depending on status, number of children, and other social obligations which will have doubled the income of some of them. On the basis of the figures, the workers spent threequarters of profits on themselves and ploughed a quarter back into the company.

In practice workers have less freedom to allocate profits than might appear at first sight. Government guidelines are strict, the basic allowances guarantee everyone pay of sorts, and party officials are always there to make sure profligates do not get the upper hand. Nevertheless the £70 a month Energoinvest workers awarded themselves last year could have been substantially more—or less—and in that sense it is directly linking reward to company performance.

The big question though is what happens if a company makes a loss. To meet this eventuality local authorities have set up rescue funds which are financed from levies on healthy companies. These funds guarantee the workers a basic wage, but not a big enough one to remove the workers' incentive to operate their company profitably. A company beyond rescue will be wound up as in the West, or, if political reasons dictate its continued existence, pressure will be put on big companies like Energoinvest to absorb it. But there is no set procedure for this. Like so much of the Yugoslav economy, it's not only the official guidelines that make things work, but a bit of gentle persuasion behind the scenes too.

Communists rally to Goncalves

BY JANE BERGEROL LISBON, July 8.

THE ARMED Forces Movement's General Assembly met here to-day against an atmosphere of mounting tension.

Rumours that General Vasco Goncalves, the Prime Minister, had submitted his resignation appeared in this afternoon's Lisbon papers, while the embattled Communist Party issued more communiques in support of the General and called for a major trades union demonstration on Thursday "in support of the revolution."

Observers here agree the demonstration, which is being organised by the Communist-dominated Intersyndical trades union confederation and would thus mobilise many non-Communist party workers to swell the Communist ranks, will almost certainly turn into a march in support of General Goncalves, whom the Communist Party see as the senior Armed Forces Movement officer most friendly to them.

However, the demonstration may come too late, as there are certain officers who plan to make a move requesting the Prime Minister be replaced during the course of to-day's General Assembly. The Assembly, being held in Lisbon's Military Sociology Institute (renamed from the Institute of Higher Military Studies), is ostensibly being held to review the current political situation and ratify a number of new Supreme Revolutionary Council appointments, including the important nomination of the four-man Political Commission. Admiral Vitor Crespo, recently returned from Mozambique, leads the commission and his name has been frequently mentioned in the past week as a possible candidate for the premiership.

To-day's Assembly is widely regarded as a crucial turning point in the revolution. It is a battleground for officers who want to push the revolution forward on its present runaway course and those, thought to be in the majority, who want to call a halt and install ordered and disciplined government.

Both the Army and the Navy held full council sessions to prepare this meeting, and on both occasions extreme Leftist officers were in a minority, as were those unconditionally supporting the Portuguese Communist Party. The Air Force held a restricted meeting yesterday.

Both Communist Party sympathisers and extreme Leftist officers have been pushed out from the centre of military power recently after special Supreme Revolutionary Council commissions were appointed, giving seats to more moderate Left-wing officers. Particularly important is the Supreme Council's political commission which is headed by Admiral Vitor Crespo, just back from Mozambique. He is widely tipped as a potential candidate for Prime Minister when the Armed Forces Movement grasps the nettle and dismisses General Vasco Goncalves.

Whether this drama will be enacted to-day, in the General Assembly, or deferred until later, is the main question to-night, with the Assembly expected to drag on into the small hours.

Meanwhile the Communist Party, in a desperate bid to grab back its slipping power and authority, has sounded a general alert against a possible reactionary coup, and brought out its militants on 24-hour vigil. In practice, the Intersyndical trades union confederation is organising pickets and guards at all places of work—briefcases are being searched, identity cards demanded and all people entering offices or factories are accompanied to their appointments by a "guide."

A second indication of the Communists' offensive to stir up an atmosphere of alarm came with a central committee communique to-day warning of the "grave and tense" situation and of attempts to "provoke dangerous breaks in the revolutionary process." Calling for maintenance of the current pickets and vigilantes, the central committee appears to be preparing for a show of strength by mobilising Communist and non-Communist workers through the Intersyndical in the name of the revolution, rather than of the party.

OECD sees 4% growth for 1976 first-half

By Our Own Correspondent

GENEVA, July 8.

ECONOMIC recovery among OECD member countries should reach an annual rate of 4 per cent. in the first half of 1976, the OECD Secretary-General, Mr. Emile Van Lennep, said to-day.

He told the UN Economic and Social Council that the OECD is forecasting the beginning of a recovery "in the near future."

"We do not expect it to be a steep one at first, but in the first half of 1976 the OECD area as a whole should grow by an annual rate of about 4 per cent."

He also said that OECD members with high rates of inflation "must make every effort to bring their rates down to the level achieved by their more successful partners" as disparities between inflation figures are an important source of international monetary instability.

John Wicks writes from Zurich: At the end of last month the Swiss cost-of-living index stood at 163.7 points (September 1966=100) and was thus 8 per cent. higher than that of mid 1974. This marks a slowing of the inflation rate of previous months this year, which averaged about 8.3 per cent. on an annual basis. The June index was 0. per cent. up on that for May.

Paul Lendvai writes from Vienna: The Austrian Parliament has approved the Government's proposal for a utilisation of the so-called budgetary "stabilisation" quota, a contingency reserve to fight recession and slackening demand.

The amount involved is Sch.4.5bn. (£120m), with more than half going into the building sector.

Denktash may have talks at U.K. Foreign Office

BY MALCOLM RUTHERFORD

MR. RAUF Denktash, leader of the Turkish Cypriot community, has been inivted to have talks at the Foreign Office within the next day or two on the Cyprus question. Mr. Denktash was due to arrive in London last night but had not informed the British Government of the purpose of his visit.

The Foreign Office attitude is that officials would be happy to see him. The next round of talks on the future of Cyprus between Mr. Denktash and the Greek Cypriot leader, Mr. Glafkos Clerides, is due to take place in Vienna on July 24, but meanwhile there has been very little progress by the various committees on the island on either humanitarian or constitutional questions.

TURKS DEVALUE

ANKARA, July 8.

TURKEY devalued its lira against the dollar and reported a $1.38bn. trade deficit for first hlaf of the year. The Turkish Central Bank said the new parity would be 14.25 lire to the dollar. The old rate was 14 lire per dollar. First-half imports totalled $1.9bn. and exports $520m.

AP-DJ

NORWAY'S IMMIGRANT OIL WORKERS

'Grossly underpaid and overworked'

BY FAY GJESTER OSLO, July 8.

IMMIGRANT workers in Norway's oil industry are grossly underpaid and overworked by Norwegian standards. The social and health situation of many employees is unsatisfactory and official supervision is inadequate. These are the main conclusions of a report published here to-day on working conditions in the industry.

Mr. H. Aaserod, chairman of the Norwegian Seamen's Union said the report, which was drawn up for the Ministry of Social Affairs, confirmed the union's previous complaints about conditions on drilling platforms. He urged the Government to lay down stricter terms when it granted concessions to oil companies.

Specifically, he said, the authorities should "have a talk" with the Phillips Group, concession holders on the Ekofisk field, and "make them realise that they must obey the same rules that apply elsewhere on the Norwegian labour scene." He claimed that Phillips used subcontractors which underpaid their workers and disregarded Norwegian employee protection laws.

Mr. K. Knutsen, Deputy Minister for Social Affairs, said there must be an early change in the rules so that the chief contractor on a project can be made responsible for supervising the working conditions of employees hired by subcontractors.

The report says that in the Ekofisk field the starting wage for some foreign construction workers has been only Kr.10 per hour (union rates are from Kr.25 to Kr.35 per hour for a 40-hour week). Some employees have been forced to work 12 hours a day, with no days off, for months at a stretch. At Mongstad, in West Norway, construction workers helping to build an oil refinery were permitted to work up to 80 hours a week—a direct violation of Norwegian law.

Hardest hit are immigrant workers employed by foreign subcontractors. Fear of losing their jobs made them reluctant to press for better pay and conditions. Some had been sacked or sent home for doing so. Foreigners account for about 10 per cent. of the labour force in Norway's oil industry.

City still the leading centre for oil money

BY MICHAEL BLANDEN

ABOUT HALF of the Middle East oil producers' cash surplus of between $50bn. and $60bn. last year was invested short-term with banks in London, New York and other centres. London's share, including large Euro-currency deposits, was nearly four times the New York figure. It is pointed out by Sir Cyril Kleinwort in his annual statement as chairman of the Invisible Exports Committee.

At the same time, there were a growing number of longer-term investments being made and Sir Cyril sees a major role for the City institutions in organising these investments. He argues that the central problem of recycling surplus oil funds will cause continuing concern to monetary authorities, if only because of the limited capacity of the major national banks to absorb short-term funds on this scale.

Nevertheless, he is encouraged by the move towards longer term investments and by the new range of possibilities opening up in the enlarged development funds, joint companies and investment in private industrial ventures being used to channel funds to countries in the Middle East itself.

The area, he suggests, is one offering the greatest potential for U.K. invisible exporters, and "the City's experience in organising international finance for large development projects is unparalleled, particularly when these projects are a mixture of public and private initiative."

The skills that Britain can offer "will be of the greatest benefit to these countries not only in creating an industrial economy but in setting up their own financial and professional services."

Worried

Sir Cyril underlines the extent to which the U.K. relies on invisible exports, with the surplus of more than £2.7bn., an increase of 25 per cent. on the private invisible account last year contrasting with the visible trade deficit of £5.26bn.

Virtually all invisible exporters, he comments, are worried by the fear that "as sterling depreciates and further Government economic action is required, the service trades on which so much now depends will at best be ignored and at worst sacrificed once again in the interests of political dogma." This, he says, would be "folly indeed."

In spite of the worldwide recession, the latest survey of invisible earnings prospects suggests a growth of about 10 per cent. this year in the net overseas earnings of the service industries overall.

Sir Cyril emphasises the welcome given by the City to the referendum decision on EEC membership. Withdrawal, he argues, would not only have had a bad effect on invisible earnings; "In the view of most of the City associations it would have imperiled the whole economic future of the country."

He repeats his concern over aspects of the new tax proposals, including the capital transfer tax, and argues that the City needs to respond more rapidly to criticism. Domestic criticism has ranged "from attacks on the City's markets and their functions to attacks on its morality."

The City, he coments, "remained far too long both silent and undefended on a wide range of domestic issues. I am pleased to see that this phase shows signs of improvement."

Further fall in bank lending

BY MICHAEL BLANDEN

FURTHER EVIDENCE of the depressed state of industrial demand for bank finance is given to-day with the publication of the latest figures from the big clearing banks.

Over the four-week period to mid-June, sterling advances by the London clearing bank groups to the U.K. private sector fell by £377m. to £13.5bn. This was paralleled in the Scottish banks, where there was a fall of £36m.

The drop in the London banks' lending was considerably more than would be accounted for by the normal seasonal downturn, which may have contributed no more than a third to a quarter of the fall.

Nevertheless, there are some indications that the experience of the clearing banks may not be entirely typical. It is thought that the recent downtrend in money market interest rates may have led to some rise in borrowing from other banks. Overall, therefore, it is possible that the general level of lending was little changed.

With the recent rate of inflation this still means that the demand for credit from industry has been very slow. The clearing banks report that the bulk of the fall took place in the manufacturing sector, and that as well as a decline in usage of overdraft limits there has also been a slackening in the demand for new advances, especially by industry.

The London banks loans to the U.K. public sector in sterling also fell back by £87m., while on the other side of the balance sheet the sterling deposits of U.K. residents declined by £70m.

Speed spending cuts call

BY PETER FOSTER

AN URGENT CALL for an acceleration of the Government's proposed public expenditure cuts is made in the latest issue of the Midland Bank Review, published to-day.

There is, claims the review, an "essential case for an autmn Budget which will bring forward some of the cuts of £3,000m. in public expenditure planned for 1976-77.

"The evidence suggests that the Chancellor may be faced with three possibilities by the autumn, namely rising interest rates, a sharp increase in the money supply or a restriction on public expenditure to allow industry to obtain funds for investments."

The article emphasises that the projected increase in demand for bank funds from the private sector this autumn will be hard to reconcilew ith public expenditure requirements without either a rise in the rate of monetary expansion or a sharp increase in interest rates.

PUMP DEALS SURPRISE FOR BUILDING INDUSTRY

Myson Group drops its bid for Sealed Motor

BY DAVID BELL

THE MYSON GROUP took the building industry by surprise yesterday by announcing almost simultaneously that it was dropping its bid for Briain's largest makers of central-heating pumps, and buying one of its rivals.

Myson has for the past six weeks been trying to win control of Sealed Motor Construction, the Bridgwater company that has some 70 per cent. of the U.K. market for domestic circulating central heating pumps. The 'MC Board has meanwhile been supporting a rival £2.4m. offer from the Adwest Group, which with the lapsing of the Myson offer seems certain to go through.

Alternative planned

From the start Myson promised that if its bid for SMC was unsuccessful it would find some other way of entering the market for domestic central heating pumps, which this year is worth about £8-10m., considerably lower than in years when the building industry was not in its present relatively depressed state.

Myson, a heating and ventilating company which has expanded rapidly in the last few years, wasted no time in finding an alternative. Its chosen vehicle is part of the small British subsidiary of the Sundstrand Corporation of Illinois. The U.K. water pump division is at Kings Lynn, employs about 100 people and has some 2 per cent. of the U.K. market with considerable export sales in addition.

Compared with SMC's 65-70 per cent. share of the market, the 20-30 per cent. share held by the Danish company Grunfos and even ITT's 6 or 7 per cent., this is clearly a very small slice at the moment.

But Myson says that not only is Sundstrand producing a very sophisticated range of pumps, but its factory is also highly automated, with low production costs and considerable surplus capacity. As Myson is already a major supplier of boilers, pipes, radiators and other heating components and is an aggressive marketing company, it believes it is well placed to carve out a sizeable share of the market fairly rapidly.

The acquisition of Sundstrand's water-pump division in the U.K. does not affect the American company's pump operation, which remains linked with Sundstrand in the U.S., but Myson also intends to maintain close marketing links with Sundstrand.

For SMC, which has all along argued that Myson was highly geared and very vulnerable to any changes of fortune in the building industry, the takeover by Adwest, a general engineering group, marks the end of 15 years which saw the Somerset company grow with enormous speed, checked only by the sharp decline in the building industry in recent years.

Mr. Philip Pensabene bought the company for £27,000 in 1961. By the time it went public in 1968 it was capitalised at over £4m. SMC's new pump rapidly became a serious challenge to BSA's previous pre-eminence in the field and in 1969 SMC bought out the BSA stake.

Pre-tax profits in 1973-74 of £957,000 were followed by the twin problems of the building industry recession in the U.K. and Europe, and troubles in SMC's Italian subsidiary, which earlier this year was sold off at an after-tax loss of about £250,000.

Competition fierce

Although SMC still dominates the central-heating market, its new owners cannot be entirely happy with Myson's move, nor with the increasingly fierce competition from Grunfos, which assembles its pumps in Washington, Tyne and Wear; and from ITT, which imports pumps made by a French subsidiary.

Strong price competition in the next few months is likely as the companies struggle to sell to the builders' merchants who dominate the market.

But when the market improves, most of them feel, it will be surprising if Myson does not present a serious threat to the existing manufacturers.

Lex, Back Page

Harland Order in Council expected

BY JAMES McDONALD, SHIPPING CORRESPONDENT

WITH the auditors of Harland and Wolff, the Belfast shipyard, warning that they are unable to confirm the company's present estimate of losses to completion of contracts totalling £51m., the Northern Ireland Office confirmed yesterday that an Order in Council was expected within the next few days to complete the nationalisation of the company.

The State already owns 47 per cent. of the shares, with the remainder held by private interests, including the executors of the late Mr. Aristotle Onassis. No details are available about the basis of compensation to be paid, but the annual report gives particulars of holdings of stock of 10 per cent. and above at the end of last year.

The Northern Ireland Government held £4m. Ordinary stock, and Midland Bank Overseas Nominees held £1,062,800 Ordinary stock and £131,000 4½ per cent. Cumulative Preference stock, and Midland Bank Princes St. Nominees, £4,000 Ordinary stock and £250,000 Preference stock.

In his statement with the 1974 report yesterday, Lord Rochdale, chairman, says that in view of the "imminent" introduction of the Order in Council for compulsory acquisition of stock, "it would be inappropriate to convene the annual general meeting."

Commenting on the report and its present estimates of losses of £51m. to completion of contracts, Price Waterhouse, the auditors, says they are based on detailed assessments made by the directors.

But, the auditors' note adds: "There are still uncertainties about the assumptions used in preparing the estimates, including those relating to inflation and substantially improved productivity.

"The assumption about productivity is particularly important as slippage in the forecast shipbuilding programme could result in materially increased losses.

"Past forecasts of improved productivity have not been achieved and until there is further evidence of the company's ability to meet the present forecasts of improved productivity, we are unable to confirm that, in our opinion, sufficient provision has been made for losses to completion of the contracts."

Our Belfast Correspondent writes: The new chief executive of Harland and Wolff, Mr. Ronald Punt—taking over a company which lost nearly £17m. last year—said yesterday that he was certain things could be put right in the yard.

Mr. Punt—a 51-year-old Yorkshireman who has been with Harland and Wolff for 16 years—said there was a new spirit in the yard and the management and unions were looking at problems with a view to solving them together.

He gave a warning, however, that one of the conditions of his job was that the company would have to show an improvement in the elimination of losses by the time new orders were needed next year.

Shipping industry attacks State plans for ports

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THE BRITISH shipping industry has added its voice to the growing volume of criticism by industry of the Government's proposals to extend the dock labour scheme to areas outside the "scheme" ports and also to extend public ownership of ports.

The Government's consultative paper on dockwork was "thoroughly muddled and misguided," Mr. Tim Bolton, president of the General Council of British Shipping, said in London yesterday.

He pointed out that the essence of the Government's proposal was that the dock labour scheme should be extended, unchanged, to a wide variety of new activities.

The Council says that even in its present form, the dock labour scheme has not controlled the register of dock workers effectively. "It has not maintained the right number of men on the register nor relocated those who have become unfit for the full range of dock work," it claims.

Instead, the Council charges, the Government proposes an extension of the scheme, "warts and all," to non-scheme ports.

The real problem was that technological changes have taken place in ports as elsewhere

"To deal with this real problem of increased job opportunities for dockers, the Consultative Document proposes a sham solution—to give the name of port transport work to various forms of groupage (containerisation) work and warehousing. It is not stated who is to do these jobs in future.

"If it is those who are doing them at present, the whole idea is of no benefit to existing registered dockworkers, who will have been cruelly misled. If, instead, the jobs are to be taken from those who are at present doing them efficiently and contentedly, what is to happen to them?"

Dry-cargo shipping index depressed

THE DEPRESSION suffered in the dry-cargo sector of the shipping industry is shown by statistics published yesterday by the General Council of British Shipping.

The Council's combined dry-cargo time-charter index for the second quarter of this year, at 94, compared with 159 in the first quarter and 322 during the second quarter of 1974.

Celanese sues Akzo over patent rights row

BY RAY DAFTER

THE U.S. Celanese Corporation is suing a Dutch-based chemical company for alleged patent infringements in the U.K.

Celanese said it had issued a writ in the High Court against Akzo Plastics and Akzo Chemie U.K. The alleged infringements cover sales of certain thermoplastic polyesters — reinforced polybutylene terephthalate moulding compands.

Celanese is seeking an interlocutory decree to prevent the Akzo companies from importing the compounds into Britain until the claim is heard. A similar suit was filed on June 6 in Indiana against General Electric charging it with infringement of the patents.

Dr. Eric Hunt, chairman of Akzo Chemie U.K., said last night: "We knew of the existence of the patents and we believed them to be invalid. We are surprised that Celanese should start an action on this basis but we feel confident in the outcome."

Akzo recently introduced its new moulding compound into the U.K. Akzo Chemie is marketing the product as being particularly suitable for use in the electrical engineering industry, in high precision engineering, in the automotive industry and for domestic appliances.

HOME NEWS

Consumers likely to resist 20% increase in gas prices

BY ARTHUR SMITH

BRITISH GAS Corporation's application for an average 20 per cent. price increase from October 1 is likely to run into criticism from the National Gas Consumers' Council.

Lady Macleod, chairman of the council, presenting her annual report in London yesterday, said she was "very unhappy" about the proposed tariff rise. She would not comment further until the issue had been considered by the full council next Tuesday.

However, when it was put to her that a higher price for gas would help to conserve energy, she said it would also add to inflation. "It is high time someone said this has got to stop," she declared.

The council reluctantly agreed to the 12 per cent. increase in domestic tariffs from last January but on condition higher charges were not made for a further 12 months. But the Chancellor of the Exchequer has urged nationalised industries to adopt a more commercial pricing policy.

The council also spoke out strongly yesterday for a single price for domestic gas throughout the country. Sir Mark Henig, vice-chairman, drew attention to the wide variation in prices charged by different regions.

Gas was cheapest in the East and West Midlands, but only for the historical reason that when gas was made from coal such areas had readily available supplies. With the advent of natural gas such differentials were no longer justified, he maintained.

Tariff policy

The phasing out of promotional tariffs, under which gas becomes cheaper the more is consumed, is also advocated. Sir Mark said the householder should be able to look at his meter and know exactly how big the gas bill was likely to be.

Lady Macleod focused attention on the "monstrous" number of sales and service complaints disclosed in the annual report. Complaints had shown a "startling upsurge" of 30 per cent. to account for nearly half of the total representations made.

Defective new gas appliances and the sluggish supply of spare parts accounted for a high proportion of the complaints and the council had taken the matter up with the gas appliance manufacturers. The situation is now reported to be improving.

On the plus side the council records a 35 per cent. decrease in complaints about disputed gas accounts. "This, I think, is because of regions using more up to date equipment," Lady Macleod said.

Overall complaints to the council were 7 per cent. higher, but Lady Macleod attributed this to the fact that the organisation was better known.

Rockware plans £1.7m. extension at Knottingley

By Kenneth Gooding, Industrial Correspondent

ROCKWARE, one of Britain's largest two glass container manufacturers, has applied for planning permission for a £1.75m. batch plant for its factory at Knottingley, Yorkshire.

This is one of several large projects the group is pressing ahead with in spite of the current economic gloom which has seen sales of bottles and jars in the U.K. fall by up to 15 per cent. this year and necessitated lay-offs in the major companies—including around 250 at Rockware.

Mr. Jim Craigie, the vice-chairman, says the purpose of the capital expenditure programme "is not to increase our market shares, already about one third. It is to enable us to do what we are doing in a more efficient and cost-containing way and to make our factories more pleasant places to work in. Thus all our new furnaces will produce glass with a lower consumption of energy."

He has given a warning, however, that "in these uncertain times we must exercise caution. Our future expenditure cloth will be cut according to our means."

Among the major investment projects under way and of which details are given in Rockware Business News, is the first, £3.5m., stage of the ten-year programme at the 26-acre site at Irvine, Scotland. The Irvine factory employs 500 and produces mainly for the spirits trade. The development aims at bringing Rockware's production resources in Scotland to a level which will be able to match any likely needs.

Last year some £3.9m. was spent at Knottingley on top of the £1.75m. expenditure now in the pipeline.

At Rockware's St. Helen's plant, a £1.25m. furnace rebuilding scheme has been completed—the furnace is expected to have a six-year life and can produce more than 200 tonnes of amber glass a day.

At Wheatley, near Doncaster, a furnace has been redesigned and rebuilt for about £700,000 and a £450,000 project has started for a new opal batch plant and two new completely redesigned opal furnaces.

Unions foil Jersey's new ferry link with St. Malo

THE JERSEY-BASED Channel Islands Ferries has apparently given up hope of operating a drive-on, drive-off service between the island and St. Malo, France, this year.

The company had hoped to charter the 3,800-ton Mary Poppins from Germany's TT Lines, scheduled to operate a new Southampton-St. Malo service. However, this has been foiled so far by the protests of French and U.K. unions.

A spokesman for Channel Island Ferries confirmed that last week-end the final £1,000-worth of advance deposits were returned to potential Jersey-St. Malo passengers. He said: "We could not keep them waiting for unions to make decisions. We are very disappointed having worked hard to get this service started."

He said the French Government had given an assurance that the ship could operate and union troubles at St. Malo and Jersey had been cleared up. "It is now the British Government which is dragging its feet, while the French and British unions cannot decide who should sign an agreement first."

TT Lines now hopes to operate the 4,400-ton Oliver Twist on the Southampton-St. Malo route next year, but this vessel would be too large for St. Helier harbour.

Both Channel Island Ferries and Commodore Shipping, which operates frequent crane-on, crane-off cargo services between the Channel Islands, the U.K. and France, are looking for a suitable drive-on ship for next year.

Commodore had hoped to buy the purpose-built Fleur des Iles from the Channel Island Ferries when the latter company ran into financial problems, but the vessel was sold to a Finnish shipper.

Tea goes up by ½p a quarter as subsidy stays the same

BY ELINOR GOODMAN

THE GOVERNMENT has again decided not to increase the existing subsidy on tea, and is letting the price go up by ½p a quarter. This means that a packet of PG Tips will now sell in supermarkets for about 10½p a quarter, with a statutory maximum price of 12p.

The tea subsidy was introduced last September and was aimed at ironing out the effects of raw material cost increases. It is now running at around £31m. a year and is keeping the retail price down by 8p a quarter.

In March, however, the price of tea was allowed to go up by 1p a quarter in the shops. The move was in line with the Government's stated policy of phasing out food subsidies in the long term and followed its decision to permit the price of bread to rise to reflect higher labour costs.

The Department of Prices made it clear at the time of the last increase that it was unlikely that it would be prepared to increase the subsidy again, and when the manufacturers were given the Price Commission's go ahead for the latest round of price increases, the Department of Prices told them it was not prepared to foot the bill in the shape of an increased subsidy.

The maximum price order on bread will now be adjusted to reflect the cost increases.

The latest round of increases is based on the higher cost of production and distribution. In the case of Brooke Bond, it was partly due to the reorganisation of its sales force which involved making 400 men redundant earlier this year.

Coal 'will replace oil-based raw materials for chemicals'

BY RAY DAFTER

COAL MAY come back as a source of feedstock for the chemical industry, for there are clear signs that oil-based raw materials will become increasingly scarce over the next 25 years.

This view was put forward at the annual meeting of The Society of Chemical Industry yesterday by Dr. Joseph Gibson, director of the Coal Research Establishment, near Cheltenham. He also warned of the "disastrous" consequences for Britain if there was no effective fuel and feedstock policy to cover a new energy situation in the 1990s.

The view on coal-based chemicals is already being taken seriously by the chemical industry itself. As Dr. Gibson pointed out, major oil companies—including those with chemical interests, are involved in coal conversion studies. Some have acquired substantial reserves of coal.

The rate of growth for the petrochemical industry could not be sustained, he said. Even if the growth was reduced to 6 per cent. a year from about 1990, it could be consuming a quarter of the available fossil hydrocarbons by the end of the century.

The emergence of oil as the principal energy source would be viewed historically as only a transient phenomenon and coal would inevitably regain its former dominance.

As the chemical industry used 50 per cent. more oil as fuel than as feedstock, it depended heavily on energy. Consequently, schemes which optimised fuel use for both energy and feedstock would become increasingly attractive.

Complacency

The use of "coalplexes" was one way of achieving this aim. Much of the technology for converting coal to chemicals was understood. (Until World War I the chemical industry was based mainly on aromatic compounds obtained as by-products of the coke and gas industries and compounds produced by fermentation of wood distillation.) New technology needed to be more specific, however.

"The future prospect for energy, and chemical production in particular, depend on overcoming complacency now, on developing coal conversion processes and controlling capital investment," said Dr. Gibson. "All of these, to my mind, add up to formulating a positive, forward-thinking fuel policy as soon as possible."

Dr. Gibson, who was speaking in a personal capacity, said that if the investment pattern for energy production turned out to be wrong, resource and material development would suffer.

"If, as a result of complacency there should be under-investment in the development of resource and conversion processes, the situation in the 1990s could be as disastrous as the 1973 oil crisis, but lacking the North Sea oil resources to sustain us," he warned.

Dr. Leslie Streatfield, the society's president, also sounded a warning this time about the industry becoming introspective. "The tendency to think of complete in-house training and experience can lead to a very inward looking industry," he said. Senior managements needed to take a wider view.

One way might be for managements to encourage young graduates to serve as honorary officers in organisations, like the society. "There is a real need for the independent learned society to initiate new concepts in business management and promote new frontiers in chemical technology."

Fiat chairman for Europe conference

SIGNOR GIOVANNI AGNELLI, Fiat chairman, is one of four additional speakers who have agreed to take part in the Europe After the Referendum conference in Dublin on July 23 and 24. The conference will debate the effects on the European Economic Community of the decision that Britain should stay in Europe, concentrating upon the future development of the Europe of the Nine, with particular emphasis upon developments in Ireland, Denmark and Great Britain.

The other speakers, just announced, are Ambassador J. F. Greenwald; head of the U.S. Mission to the EEC; Dr. Hans Leibkutsch, managing director, Deutsche Bank; and Mr. Michael Davis, director of nuclear energy and electricity at the EEC. One other major change is that Sir Derek Ezra, chairman of the National Coal Board, is unable to take part. His place as chairman will be taken by Mr. Peter Kirk, chairman of the Conservative group in the European Parliament who will also talk on the prospects for the European parliament.

The conference, organised by the Financial Times, in conjunction with the Irish Times, and Berlingske Tidende, will also be addressed by Dr. Garret FitzGerald, Irish Minister for Foreign Affairs, Mr. George Thomson, member of the Brussels Commission: Mr. Per Haekkerup, Danish Minister of Economics: Sir Ralph Bateman, president, CBI and Mr. Justin Keating, Irish Minister for Industry and Commerce.

The British Government view will be presented by Mr. Roy Hattersley, Minister of State for Foreign and Commonwealth Affairs.

NORTHAMPTON'S NEW SHOPPING CENTRE

A £9m. town centre shopping complex at Northampton which has taken six years to build was opened yesterday. It includes 100,000 square feet of air conditioned offices, a multi-storey car park and a bus station.

HOME CONTRACTS

Bovis to complete Liverpool hospital

BOVIS CONSTRUCTION has been awarded a contract by the Mersey Regional Health Authority to complete the Royal Liverpool Hospital following the liquidation of Tersons, the original contractors. The contract will be taken over by Bovis from September 6, and priority will be given to completing the main hospital buildings before any residential or other work is undertaken. The new completion date is 1978.

★

YOUNG, AUSTEN AND YOUNG has won contracts totalling more than £3.7m., including work for the Thames Water Board (£107,000); Pearl offices, Peterborough (£500,000); Melbourne House offices, London (£250,000); Daily Express new offices, London (£200,000); RAF, Innsworth (£314,000); Barclays Bank, Knutsford (£450,000); and East Midlands Gas Board offices (£350,000).

★

PERCY BILTON'S £1,545,378 tender for the improvement of the A30 between Henly's Corner and Clockhouse Roundabout, Hounslow, Middlesex, has been accepted by the Department of the Environment. Increasing traffic to and from Heathrow freight terminal will benefit from the work. Communications to the west will also be improved by the dualling of the A30 between the Clockhouse roundabout and Desford Way under a separate scheme which is planned to open before completion of this contract, scheduled for 1977.

★

NATIONAL COAL BOARD contracts worth about £1,150,000 for miners' leather safety boots and shoes have been awarded to CWS, Heckmondwike, Yorkshire; R. Coggins and Sons, Northamptonshire; Adams Bros. (Raunds), Raunds, Northamptonshire; G. Ward Men's Footwear, Barwell, Leicestershire; G. B. Britton, Kingswood, Bristol; and G. Barnes and Sons (Boot Manufacturers), Chesham, Buckinghamshire.

Resurgence for aluminium use in building

Financial Times Reporter

A return to a 30 per cent. growth rate for aluminium products in the building industry in the longer term was forecast yesterday by Alcan Booth, one of the leading U.K. suppliers.

Mr. Frank Davies, a director of Alcan Booth, said that although the current building industry recession was the worst experienced for some time, prospects for aluminium in building remained excellent. Mr. Davies was speaking after receiving from Lord Peddie, chairman of the agrement Board in the U.K., certificates of approval for two Alcan Booth products. The Board, which is sponsored by the Department of the Environment, is responsible for assessing the performance in use of building and construction products.

UNITED COUNTIES BUS FARES UP

The Northamptonshire-based United Counties Bus Company yesterday announced its second fares increase in three months. Fares go up next week by 1p after a 30 per cent. rise in March.

HOME NEWS

BL distributors rebuke AA for Square Wheel

THE AA's "square wheel" award for the worst car in 1974, which yesterday put British Leyland models in the first three places, has caused anger among BL's distributors in Europe and brought a stinging reply from the company's German agents.

A Rover 3500 which had needed three new engines in its first 6,000 miles of life and cost £3,100 won the award outright.

Yesterday British Leyland's German distributors sent a telegram to the AA's president, Lord Erroll, and its director-general, Mr. Alec Durie. It said "Must congratulate you on your sterling support for British exports and its effect on the balance of trade.

"Publicity of this kind is invariably reported in the German Press and those of neighbouring countries with delight, and our competitors make good use of your efforts."

The telegram, from the big Dusseldorf-based Bruggermann organisation, added: "Suggest you rethink your attitude towards your daily bread."

British Leyland said they had had similar messages from other distributors world-wide.

But last night the AA was unrepentant. They admitted that only about 100 new car owners had returned forms to enter the "competition." But they pointed out that new car owners had to keep their vehicles for a full year.

"Many people with a poor example have probably sold it before the year was up," a spokesman said.

He claimed that the point of the exercise was to show up the problem which exists in the relationship between dealers and manufacturers, not to "knock" any particular manufacturer.

● Volkswagen, the German car giant, is to extend its warranty period from six months to 12 months with no limit on mileage.

Car output still 34% down on last June

By Peter Foster

CAR OUTPUT last month recovered from May's strike-hit levels, but was still 34 per cent. below that of June, 1974.

Although in the five weeks ending June 28 it was still affected by industrial disputes, recorded output recovered from the depressed May figure to 109,000 units, an average weekly rate of 21,800.

Commercial vehicle output of 7,000 units a week was some 15 per cent. below the level of June, 1974.

According to official figures, car output on a seasonally adjusted basis last month was 29 per cent. below last year's monthly average, while commercial vehicle production was down by 16 per cent.

April, May and June were badly affected by continued low demand for vehicles and by industrial disputes. In May, British Leyland's disruptions at Cowley and Longridge, the Chrysler engine dispute at Coventry and stoppages at Ford helped push output to its lowest level for 13 years.

In the second quarter output was down by 25 per cent. on the January/March period, while commercial vehicle production was down by 13 per cent.

Finance for Industry has loss of £19.86m.

BY MICHAEL BLANDEN

HEAVY SPECIAL provisions of £24.51m. mean a large loss at Finance for Industry, the City's main vehicle for providing medium-term funds for industry.

The group has suffered a pre-tax loss of £19.86m. as a result and is paying only a nominal dividend of 0.162p a share to the shareholders—the big banks and the Bank of England. This is to preserve the trustee status of the FFI loan stocks.

Nevertheless the new £1bn. facility set up through FFI to channel institutional funds to support industrial investment has made a good start. Lord Seebohm, the chairman, reported yesterday that already over £125m. had been offered by the Finance Corporation for Industry subsidiary, of which £100m. had been accepted by companies and £21m. had been advanced.

A warning that heavy provisions would be needed was given in the group's half-way announcement last November. It now appears that FFI has been even more cautious in assessing the amounts required to cover bad and doubtful debts and other uncertainties.

Because of the recovery in the stock market, it has not, after all, been necessary to set aside any funds against the fall in the value of equity investments, as had been expected. But the total provisions are rather higher than predicted, at levels which Lord Seebohm regarded as "wise" against the background of the further deterioration in the economic climate in the last few months.

A large element in the special provisions was a total of some £8.3m. against holdings of undeveloped building land and property in Anglia Commercial Property, which have been written down more or less to their existing use value. About another £1.5m. was accounted for by write-downs of holdings of irredeemable preference stocks.

The group has also taken a careful look at its general loan portfolio involving substantial provisions both against advances in general and in relation to specific loans.

After tax credits and minority interests, the group ends up with a loss of £13.39m. This, however, is increased further by another £4.82m. of extraordinary items, leaving a deficit of £18.21m. These items include a £2.1m. write-off of goodwill following the acquisition of control of Hamilton Leasing; and the £2m. of expenses related to the £75m. loan stock issue earlier this year, not allowed as an expense against tax.

Motorists can now accept cash from passengers

BY ERIC SHORT

MOTORISTS WILL now be able to accept petrol money from passengers without jeopardising their insurance cover. A statement issued yesterday by the British Insurance Association and Lloyd's Motor Underwriters Association said that in future payments made by passengers towards the cost of petrol consumed on a journey will no longer infringe the "hiring" exclusion clause.

Motor insurers are very careful when issuing private motor insurance to spell out in the small print the restrictions under which passengers may be carried. The distinction between accepting help from a friend in meeting the cost of a journey and actually plying for hire is a fine one in the eyes of the law. This was highlighted during the times of rail disputes when in the public interest insurers waived the conditions of the hiring clause.

However, the BIA and Lloyd's warn that other payments made by passengers towards other costs of a journey — such as parking fees or even depreciation—could still be regarded as falling within the "use for hire" category, a paradoxical situation which a spokesman for the BIA could not adequately explain.

Airline costs rise faster than revenue

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WORLD AIRLINE expenses rose at a faster rate than revenues last year, the result being a sharp decline in gross operating profit.

The International Civil Aviation Organisation, in its annual review of the state of the world airline industry, says the airlines, excluding those of the Soviet Union and China, collectively earned revenues of $31.5bn., or 16 per cent. more than in 1973.

Expenses, however, boosted by soaring prices for aviation fuel and general inflation, rose by 17 per cent. to reach $30.5bn., resulting in an operating surplus of $1bn., or 3.2 per cent. of operating revenues.

ICAO points out this figure does not include the wide range of additional expenses that must be taken into account in determining the net operating profit—

When all these factors are taken into account, it is likely the operating profit will have been substantially reduced, although the ICAO is not yet in a position to say by how much.

Past experience, however, indicates it could be sufficient to push the entire world air transport industry into a net loss-making situation, with some airlines making money and others losing it.

The ICAO analysis also makes the point that 1974 was the worst year yet for passenger fatalities, with 1,272 passengers being killed against 859 in the previous year and 1,210 in the next worst year—1972.

These figures do not include the Soviet Union, where there were some serious air crashes in 1974. If their figures are included, the number of fatalities in 1974 amounted to 1,382 against 1,402 in 1972.

The 1974 figures were substantially affected by the DC-10 crash near Paris, involving 333 passenger fatalities — the worst accident yet in civil aviation.

One of the most significant statistics emerging from the ICAO analysis is that, despite the world-wide economic recession last year, the number of orders for jet airliners placed during the year remained very high—303 aircraft worth $3.4bn. compared with 320 aircraft worth $3.5bn. placed in 1973.

Six types of jet airliner accounted for no less than 80 per cent. of the orders—the Boeing 747 Jumbo jet, 727 medium-haul jet and 737 short-haul jet, which between them accounted for 166 of the aircraft ordered, the MacDonnell Douglas DC-10 (5), Lockheed TriStar medium-range wide-bodied jets (28), and the McDonnell Douglas DC-9 short-range jet (41).

West Midlands industry urged to invest

BY OUR MIDLANDS CORRESPONDENT

AFTER assurances to Birmingham chamber of industry that applications for industrial development certificates will be more sympathetically considered, Mr. David Atterton, the chamber's president, has written to the 4,000 members to encourage them not to delay investment programmes.

The BCI believes that many companies are considering or reconsidering investment programmes in anticipation of an upturn in the economy after the EEC referendum.

The chamber has waged a long and successful battle to get IDC policy for the West Midlands amended to take account of its need for growth industry. It instanced cases of companies refusing to apply for certificates in case a refusal would be held against them on future occasions.

Clay Cross rebels get ultimatum

ELEVEN members of the former Clay Cross Urban Council have been presented with a three-day deadline to pay a £7,300 bill one of the "fair rents" rebels said last night.

Mr. Charles Bunting, chairman of the town's housing committee, which refused to implement the rent raising former Conservative Government's Housing Finance Act, said he was unable to pay.

GOLF: THE OPEN CHAMPIONSHIP BY BEN WRIGHT

Nicklaus starts favourite

CARNOUSTIE, July 8.

MANY TENS of thousands of words have been penned here about the prospects for the 104th Open Championship which starts to-morrow promptly at 7.30 a.m., when a gentleman by the name of A. Dokka of the United States strikes the first ball. As usual, these words amount to nothing more than the random small-arms fire of psychological warfare waged by the competitors with a real chance of winning.

Jack Nicklaus, who has enjoyed practice rounds of 65, 67, 67 and 65, does not attach any importance to these scores. But he is surely cognisant of the fact that such figures will strike fear into half the competitors' hearts.

Jack Nicklaus is keenly watched as he practises for the championship.

Fast running

With conditions as fast-running as they are, obviously more players than usual can win this title. But when the moment of truth arrives to-morrow morning, the greens will have been shaved off from their present hairy state, and although they may be reached easily from parched fairways, it will be more than usually difficult to get down in two putts as conditions become more and more glassy, which is the idea behind any championship exercise.

So to go through the draw, the first threesome that may exert some influence on the championship is that which starts at 8.30 a.m. to-morrow, comprising Eddie Pearce, the youngest player on the U.S. tour and possibly the most promising juvenile; Ted Ball of Australia, who has enjoyed a remarkable success since forsaking the game for prawn-fishing two years ago; and the American Johnny Miller, whose enthusiasm continues to blow strangely hot or cold.

If he were a racehorse, one would consider fitting blinkers on the blond Californian, who, despite his capricious moods, is quoted this afternoon at 8-1 second favourite against the 7-2 odds laid against Nicklaus.

Peter Oosterhuis, plainly the only British chance for a place in the top ten, is quoted at 20-1, and, after his histrionics during the U.S. Open, is about on the correct mark. Oosterhuis starts alongside the American Walker Cup player George Burns who turned professional at the beginning of the week and is a marvellous bet at 200-1 each way.

At 9.20 a.m. the defending champion, Gary Player, of South Africa, will tee up with Lanny Wadkins from the U.S., whose early promise has foundered, and the evergreen Brian Huggett. It is tempting fate to say that Player is over the hill, but his deeds of late do not hold out too great a hope for his chances.

Likewise, Hubert Green, a prolific winner last year in America, is very much a muted force, despite his fourth place in last year's Open. He goes out to-morrow morning at 9.45 alongside Arnold Palmer, a popular choice for a surprise victory. It will be a total surprise if Palmer can win this, his first major title since 1964—at least to me—because shaved greens will only serve to expose his putting frailties.

Dark horse

A dark horse lurks in this trio, however, in the shape of Vicente Fernandez of the Argentine, whose ability makes him a very real challenger for the mantle carried for so long and so graciously by the 1967 winner, Roberto de Vicenzo, who plays alongside my own joint No. 1 choice as a likely winner, Tom Weiskopf, champion at Troon in 1973.

There is now what I regard as a long barren period in the draw until Jack Nicklaus starts at 2.45 p.m. alongside John Mahaffey, runner-up in the recent U.S. play-off for their Open Championship in steamy Chicago.

Nicklaus's form in practice has been almost too good to be true, and I favour the theory that he is trying to win with the mind rather than with the clubs in his massive bag.

The U.S. Open champion Lou Graham starts at 12.20 alongside an extremely consistent performer, Maurice Bembridge, and the Australian dark horse, Graham Marsh.

But the man I most fancy—alongside Weiskopf—is the 1974 U.S. Open champion, Hale Irwin, who goes out at one o'clock with the best record on form of anyone in the field in recent months. It is no surprise to me that Irwin's odds shortened from 16-1 to 14-1 yesterday, when he commanded most of the investment.

Tom Watson perhaps arrived here a little too late and Lee Trevino has recently revealed putting frailties that are unlikely to help him in the shake-up on Saturday afternoon. They go out together at 2.15 p.m.

Al Geiberger, who has enjoyed such a marvellous season in the U.S., could well represent a forceful threat for the title if the greens are not too spiked up for him and his partners, left-hander Bob Charles of New Zealand and the emergent Irishman, Eamonn Darcy, who start at 3.25 p.m.

Course changes

The course has been shortened from 7,252 yards in 1968, when Player held off Nicklaus and Charles by two shots, to 7,065 yards to-morrow. The par remains the same, however, at 72.

The major alteration as far as par is concerned involves the 12th hole, which becomes a par 5, although only five yards longer at 478 since 1968. The major alterations as far as length is concerned involve the 9th hole, shortened from 475 to 421 yards, and the 18th, shortened from 525 yards, par 5, to 448 yards, par 4.

APPOINTMENTS

Rolls-Royce marketing post for John Carpenter

Mr. John Carpenter, former marketing director of the Rover Triumph car division of British Leyland, one of the senior executives who failed to find a job under the Ryder Committee restructuring, has been appointed marketing director of ROLLS-ROYCE MOTOR HOLDINGS from July 21.

His appointment is linked with the creation of a new subsidiary of Rolls-Royce International, Rolls-Royce Motors of Canada, which will be headed by Mr. John Craig, whose job Mr. Carpenter is taking over.

See Men and Matters Page 18

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Sir George Erskine has retired from the Board of the INVESTMENT TRUST CORPORATION.

★

Sir Reay Geddes has joined the Board of the RANK ORGANISATION. Sir Reay, has been chairman of Dunlop since 1968. He is a director of Pirelli, S.p.A., Midland Bank and of Shell Transport and Trading Company, and chairman of the British National Committee of the International Chamber of Commerce.

★

Mr. G. A. Brown has been appointed personnel director of TUNNEL CEMENT, a subsidiary of Tunnel Holdings.

★

Mr. N. V. Pinks has been appointed chief manager in London of AUSTRALIA AND NEW ZEALAND BANKING GROUP, following the retirement of Mr. R. J. Sutton. Deputy chief managers are Mr. C. H. Bennett and Mr. R. W. J. Horne. Mr. J. D. Sanders has been made City office manager, Mr. J. R. Lovesey, manager (corporate accounts) and Mr. S. L. Alexander, manager (international finance).

★

Mr. H. S. K. Greenlees and Mr. R. T. Sykes will be retiring from the membership of LAING AND CRUICKSHANK, stockbrokers, on July 31 but will remain with the company as consultants. Mr. C. A. Mowbray, Mr. A. H. Scott and Mr. B. J. Lardner will become members of the company from August 1.

★

Mr. J. J. Bayley, Mr. G. C. Musson and Mr. P. J. Quinnen will become members of JAMES CAPEL AND COMPANY, stockbrokers, on July 12.

★

Lord Luke has been re-elected as president of the INSTITUTE OF EXPORT. Mr. Cuthbert Drury has been made chairman, Mr. George Lockhart, vice-chairman, and Mr. Frank Dunphy, honorary treasurer.

★

Mr. E. J. Wood and Mr. J. A. Luck, senior group executives of ANGLO-SWISS HOLDINGS, have been appointed main Board directors.

★

Mr. Richard Pollen has been appointed a director of CHARLES BARKER CITY and Mr. Anthony Cardew has been made an associate director.

★

Mr. T. F. Brockwell a director of WALTER JUDD, has been appointed joint managing director. Mr. S. W. Wainman, an associate director, has joined the main Board and Mr. J. J. Judd has been made an associate director.

★

Mr. R. L. Doughty has taken over as chairman of MARSHALL'S UNIVERSAL. Mr. W. A. Benson continues as deputy chairman and Mr. J. A. Oliver has been appointed managing director. The changes follow the retirement through ill-health of Mr. F. W. Harris.

★

Mr. John R. Walshe has been appointed managing director of GROSVENOR ESTATE COMMERCIAL DEVELOPMENTS in succession to Mr. Kenneth C. Eyles, who becomes deputy chairman.

★

Dr. George Brosan, director of the North East London Polytechnic, is the new president of the INSTITUTION OF PRODUCTION ENGINEERS and he takes up office this month.

★

Mr. John Pryle has become financial director on the Board of HIRE SERVICE SHOPS.

★

Mr. J. C. Leeming and Mr. H. Tennant have been appointed Commissioners of Customs and Excise from August 4.

★

Sir Alex Smith, Director of Manchester Polytechnic, is to be chairman of the SCHOOLS COUNCIL from October 1. He will succeed Sir Lincoln Ralphs whose three years' term as chairman ends on September 30.

★

Mr. Patrick Masters has been appointed head of the sugar trading division of metal and commodity brokers RUDOLF WOLFF and COMPANY.

PARLIAMENT

Labour moderates as loud as Left in economy advice

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE COMMONS was left in no doubt yesterday of the Government's continued hope of achieving a voluntary agreement with both sides of industry in the next few days on incomes policy.

"This Government is resolutely opposed to imposing sanctions on work people," said Mr. Edward Short, Leader of the House, when he took over at question time in the absence of Mr. Harold Wilson, the Prime Minister, who was in Edinburgh.

It was premature to talk about a statutory incomes policy, Mr. Short told Labour Left-wingers, who plainly suspected statutory pay controls which, however the purpose was disguised, would impose sanctions on workers.

But although the Left-wing put its warnings—with Mr. Eric Heffer in the forefront—on disaster and schism for Labour if the Government resorted to compulsion on pay limits, there were other insistent voices from the Labour side.

The moderates on the Government backbenches were also standing up and urging the Government to take action—certainly based on consent, but nevertheless effective action.

Mr. Short repeated his assurances. But his contention that the only way to solve the country's economic difficulties was through consultation and consent, did not satisfy the Conservatives.

Plainer

Opposition leader, Mrs. Margaret Thatcher, intervened to demand a plainer assurance that the Government was not now backing away from last week's stated proposals by the Chancellor, Mr. Denis Healey, for a 10 per cent. ceiling on pay increases and cash limits to control public spending.

Mr. Short retorted with asperity and without qualification that the Chancellor's proposals remained intact.

For the encouragement of his backbenchers, he foreshadowed during the course of the exchanges at least one good package. This was a package of "very useful measures" for the textile industry, which he hoped would be the subject of a statement in the next few days.

But it was the Government's proposals for the economy generally on which MPs on both sides pressed questions.

Mr. Dennis Skinner (Lab., Bolsover) warned: "There are many inside the Parliamentary Labour Party, responding to the mood of the party outside, who are not prepared to march through the lobbies to endorse interference with free collective bargaining which we received a mandate to uphold in the last two General Elections."

Mr. Short told him the Government would take account of any points put by the TUC and discuss them at great length. "I would ask you to await the White Paper and then you will see to what extent we have been able to reach agreement with the two sides of industry."

Mr. Douglas Crawford (SNP, Perth and E. Perthshire) said: "The people of Scotland are not prepared to accept a statutory wages policy. The gap between average earnings in Scotland and England must be closed.

Mr. Edwin Wainwright (Lab., Dearne Valley) called for better understanding between the Government, the Labour Party National Executive, the TUC, and the unions, to make sure Britain became more productive.

Unless this were achieved "the only solution will be that the people of this nation will bring back into power the unworthy Conservatives who have failed this country so often."

Mr. Short agreed: "We can only in the last resort solve our problems by co-operation between the two sides of industry."

Mr. Heffer warned that statutory pay controls could tear the Labour movement to pieces. "On this side and in the Labour movement in the country, it is not expected that we should carry out a programme of statutory legislation in relation to wages."

Mr. Heffer urged Mr. Short "at this late hour" to say to the Prime Minister that he and the Government must think again.

Mr. Short replied that there had to be a battery of measures to combat inflation. "The greatest danger facing this country, the people and their employment prospects is inflation, and that must be tackled without delay."

Liberal leader, Mr. Jeremy Thorpe, stressed that the Government would be judged on whether or not they were prepared to take the initiative and prepare to govern and not shovel it off on to others.

Mr. Short said that the proposals being discussed were those of the Government. "We shall see that they are carried out." The Government was resolutely opposed to imposing criminal sanctions on work-people.

Effective

The previous Government had tried and the Official Solicitor had had to intervene to save them. "We don't want a repetition of that."

Mr. Nigel Lawson (C., Blaby) said that the Prime Minister had told the nation on television that under no circumstances, short of war, would he contemplate introducing statutory pay control. "On what day did war break out," he asked to roars of Tory laughter.

Mr. Short: "We very much hope to reach agreement on a voluntary policy with the unions and the CBI over the next few days."

Mr. Giles Radice (Lab, Chester-le-Street) said that the overwhelming majority of Labour supporters were behind the Government's efforts to create an effective prices and incomes policy based on consent. "They would prefer decisive action this week rather than for the Government to be in a situation where it has to come back for tougher policies in a few months time."

Mr. Short said that Mr. Radice was right What he had said would commend itself not only to the party but to people of good will throughout the country.

The long wait

THE LORDS yesterday approved a measure which could give the Bishop of Sodor and Man his first pay rise for 32 years. A stipend of £3,000 plus a "very large house" had remained unchanged since 1943, peers were told.

And now, said the Bishop of London, Dr. Gerald Ellison, it was "virtually impossible for the bishop to exist on this amount when he had to keep the house and pay secretarial expenses.

If the Lords agreed to the measure, the Church Commissioners would be able to "augument his stipend." The situation had been complicated because the bishopric was subject to England and Manx law.

Owen steps up pressure on cigarette advertising

Financial Times Reporter

INCREASED PRESSURE is being exerted on the tobacco industry by the Government to secure more effective voluntary curbs on the advertising of cigarettes. Dr. David Owen, Minister of State for Health, revealed in the Commons yesterday.

Faced with a demand from Mr. Alan Beith (L., Berwick-upon-Tweed) for a legal ban on cigarette advertising, he said the Government had not yet reached a decision on whether or not to legislate because all the health aspects of smoking were currently being reviewed.

Emphasising the fact that he had never disguised his view that cigarette smoking was a serious health hazard Dr. Owen recalled the hopes raised in 1967 that a voluntary agreement with the tobacco industry on advertising limitation would reduce promotional activity and lead to a reduction in cigarette smoking.

After reporting that he had entered into discussions with the industry in a serious attempt to make this agreement "stick," the Minister stated: "I have had to write to the industry on their most recent response and say that I still think it is inadequate."

Mr. Robert Boscawen (C, Wells) pointed out that in some countries where a total ban on cigarette advertising had been imposed the "paradoxical effect" had been an increase in cigarette smoking rather than a diminu-

Mr. Charles Hunt, the works convener, indicated yesterday that the stewards might settle for such improved benefits for the time being. He expected the unions to table a pay claim in January if the company was not willing to offer any money now.

Mr. Hunt also stressed the cordial relations between the unions and Rolls-Royce management in the Midlands, which made the call for sanctions last week a highl untypical event.

"There was never and is not now any intention of jeopardising our business, to affect our ability to provide customers with their orders on time, or to jeopardise the position of employees in any way," he said.

"We believe we represent the most responsible body of workers in this country."

He stressed that productivity had been increased by 14.7 per cent. after the January pay rise, and that the only reason it had not been stepped up even further was the deterioration in the company's order book position.

Museums gain wider powers

By John Bourne, Lobby Editor

NEW GRANT arangements were announced yesterday for five national museums and galleries to give their trustees greater freedom and responsibility for managing their institutions.

In a Commons reply, Mr. Hugh Jenkins, the Arts Minister, said that the new arrangements had been agreed with the trustees of the British Museum, the Imperial War Museum, the National Gallery, the National Maritime Museum and the Tate Gallery.

He said: "The trustees are now accountable for an inclusive net subhead covering all their expenditure and receipts, in addition to the purchase grant-in-aid which will continue to be separate. This will give trustees greater freedom to allocate expenditure as they see fit . . .

"The staff of the museums and galleries will continue to be subject to salary scales and conditions of service analagous to those of civil servants. Trustees will be free, within their financial resources, to create new posts up to Keeper and equivalent levels subject to an agreed ratio of senior to junior posts.

"Any staff additions arising from substantial organisational changes, the assumption of new responsibilties or the introduction of classes or grades not already included in an institution's complement, and any additional posts above senior executive officer will be subject to approval by my Department.

"There will be periodic inspection of posts to ensure common standards of grading and workloads The staff associations have been consulted and have accepted these changes."

Petrol ration books 'can be destroyed'

PETROL AND DERV ration books and coupons issued during the 1973-74 emergency are now obsolete and can be destroyed, Mr. Anthony Wedgwood Benn, Secretary for Energy, told the Commons yesterday.

Mr. Benn said: "The basic ration books and the sheets of supplementary coupons for petrol ("S" coupons) and Derv ("D" coupons) which were issued during the 1973-74 emergency are now obsolete and can be destroyed. New coupons to new designs would be issued, if necessary, in a future emergency."

Hamilton wins narrow majority for Bill to expel absent MPs

MPs ABSENT from the House without reasonable cause for more than three months would be expelled under a Bill which successfully cleared its first hurdle—by a majority of four—in the Commons yesterday.

By 94 votes to 90, MPs agreed to give a first reading to the House of Commons (Disqualification) (Amendment) Bill, sponsored by Mr. William Hamilton (Lab., Fife Cent.).

Mr. Hamilton said: "I am concerned solely with the good name, dignity and prestige of this House. I believe the attitude of Mr. Stonehouse towards this House and our initial reaction to it has done immeasurable harm to this institution.

"He has cocked successive snooks at us and we have shown ourselves incapable, unwilling or uncertain as to how to deal with it."

Mr. Hamilton said that Mr. Stonehouse had been absent for six months and more. He had received his pay and expenses, some of it in advance. "He could continue to exist in these circumstances until the next General Election whenever that may be.

"There are consequential burdens on his colleagues, and his constituents remain disfranchised. There has never been any word of contrition or apology from him for what he has done."

Mr. Hamilton added that he proposed that the measure he was moving should be introduced by the Government before the summer recess.

Under the Bill, all MPs elected since October, 1974 would be obliged to sign on from Monday to Thursday, and perhaps Friday. No MP would be paid for days he was absent without cause acceptable to the Commons, the cause to be put in writing to the Leader of the Commons, and able to be debated in the House if necessary.

"Any MP absent for more than three months for whatever reason other than engagements on Parliamentary business should automatically be expelled from the House."

"Continuous absence for a period of one month or 30 days would result in payments being frozen until the Commons is satisfied that the reasons for the absence were acceptable to the Commons. The Bill should be retrospective to June 1, 1975," Mr. Hamilton added.

Opposing the Bill, Mr. Evelyn King (C., Dorset S) said: "The weakness of the case is that the whole of the argument rests on one man, John Stonehouse. This is not an adequate case on which to rest an Act of Parliament."

He did not believe an MP who was absent from the Commons for more than three months should be barred. In history, many MPs had refused for conscientious reasons to take their seats. The Bill could deprive elected MPs of something to which they were entitled, and which sometimes had been valuable.

The House should forget the matter of Mr. Stonehouse and consider this as a piece of legislation which could have far reaching and unintended effects.

'Time-wasting' clash in Hare Coursing committee

THE GOVERNMENT'S Hare Coursing Bill was turning "hitherto law-abiding citizens into criminals." Mr. Richard Body (C., Holland with Boston) told the Commons Standing Committee o nthe Bill yesterday.

"People who are indulging in somehting which they do not regard as morally wrong are now being told they are criminally wrong," he declared.

Tory MPs were again criticised by Labour backbenchers for making "long-winded and irrelevant speeches."

Mr. Ted Fletcher (Lab., Darlington) complained: "This is nothing but a filibuster—the Opposition are just wasting time."

Amid groans from Labour MPs, Mr. Carol Mather (C., Esher), who is leading for the Opposition, retorted: "We absolutely insist on our rights in this committee for a full discussion."

The committee still has to deal with 35 amendments to the two-clause Bill, which makes hare clause, 15-line Bill, which makes hare coursing matches illegal. In four sittings, only four amendments have been considered.

School leaving date switch

By Michael Dixon, Education Correspondent

A NEW school-leaving date—in late May instead of July—was announced by Mr. Fred Mulley, Secretary for Education, in the Commons yesterday.

Legislation is to be introduced with a view to making the change throughout England and Wales next year, Mr. Mulley said in a written reply.

Under the present law, children whose sixteenth birthday falls between September 1 and January 31 may leave school the following Easter, but those who become 16 between February 1 and August 31 are supposed to remain at school until the normal end of the summer term.

The change will free the latter group from legal compulsion to stay after the Friday preceding the Spring Bank Holiday in any particular year. Whether to retain the separate Easter leaving-date for children with earlier sixteenth birthdays will be the subject of consultation before the legislation is introduced, probably late this year.

Mr. Mulley's move will be welcomed by many secondary-school teachers who have complained about the difficulties of keeping unwilling older children at school during the later months of the summer term when less reluctant pupils are taking examinations.

In numerous instances children have simply quit school illegally often with the heartfelt—if unannounced—agreement of head-teachers and education authorities.

Doctor emigration crisis denied by Mrs. Castle

SOCIAL SERVICES Secretary Mrs. Barbara Castle rejected in the Commons yesterday a suggestion that there was a crisis in the National Health Service due to the emigration of doctors.

She told Mr. Norman Fowler (C., Sutton Coldfield) and Mr. Philip Goodhart (C., Beckenham) that in recent years about 800 doctors had left annually, some only temporarily, while about 500 returned annually.

Mr. Fowler said the tragedy was that many of the doctors and consultants who had emigrated had worked for many years in the Health Service. "The alarming emigration rate reflects a crisis of morale," he declared.

Mrs. Castle said when she had taken over as Social Services Secretary, she had found morale very low due to the treatment of the pay of consultants and other people in the medical profession by the previous Conservative Government.

She added: "Very often, there are alarmist reports which exaggerate the situation to-day. There is cause for concern if emigration increases. But there is certainly not a crisis."

Liberal choice for Europe

THE LORDS agreed without debate yesterday that Lord Gladwyn should be reinstated a member of the European Parliament to replace Mr. Russell Johnston, Liberal MP

In Monday's late night Commons sitting, Liberal leader Mr. Jeremy Thorpe warned that in the autumn his party would raise again the question of party representation in Europe.

LABOUR NEWS

London workers seeking £2 special payments

BY CHRISTIAN TYLER, LABOUR STAFF

UNIONS representing up to 1m. workers in London are preparing claims for special payments of up to £2 a week despite the prospect of a pay clampdown possibly limiting total wage increases nationally to £6 a week.

Civil Service unions are leading the field. They decided yesterday to put in claims for up to £120 a year of extra London weighting in the hope that it will be exempt from voluntary or statutory wage guidelines. But such exemption seems unlikely.

The rush was prompted by a report from the Department of Employment last week that the extra costs of living in the capital as compared to the rest of Britain had increased during the past year by more than 20 per cent. in inner London and around 17 per cent. in outer London.

These figures, based on an index framed by the Pay Board last June, imply increases of up to £80 a year on the £400 a year inner London and £200 a year outer London "norms" set then by the Board.

Among those still preparing claims for submission are the National and Local Government Officers' Association with 124,000 members in London boroughs, and more in health, gas, electricity and water. A claim will also be lodged by the GLC staff association for its 22,000 members.

Ladder

The National Union of Bank Employees, with 72,000 members covered by London weighting or with "large town allowances," is certain to follow suit.

Coinciding with their weighting claim, the Civil Service unions have also been resisting any attempt to interfere with their incremental scales, the annual ladder of pay rises that is a fundamental part of Civil Service and many other white-collar pay systems.

Incremental payments—worth an average £250 a year in the Civil Service, or £5 a week and paid in addition to annual negotiations—may be protected.

This is despite the objections of some manual union leaders who argue that they should not be allowed, because they mean that those involved receive two rises in a year.

The problem will be raised again at to-day's crucial meeting of the TUC general council by Mr. Roy Grantham, of the Association of Professional, Executive, Clerical and Computer Staffs. Yesterday, he sent letters to Mr. Healey and Mr. Len Murray, TUC general secretary, warning that APEX would not support any anti-inflation policy that stopped increments.

Terry Kirk

A grim-faced Mr. Arthur Scargill (left), president of the Yorkshire miners, and Mr. Owen Briscoe, general secretary, on their way to the conference hall after deciding to tone down their £100-a-week pay resolution.

R-R (1971) pay claim sanctions dropped

By Lorelies Olslager, Labour Staff

SHOP STEWARDS representing some 12,000 Rolls-Royce (1971) aero-engine workers in the East Midlands yesterday decided to end the "sanctions" they had asked the men to impose from Monday in support of a pay claim.

The decision was taken without consulting the men at mass meetings as initially planned and was obviously influenced by the company's warning that the Midlands plants would be closed from to-day if sanctions were introduced.

Some sanctions, such as a sporadic ban on overtime, were applied on Monday, but a spokesman for the company said it was impossible to assess how they affected production.

The stewards yesterday decided to seek further talks with management on their claim for a "substantial" pay rise. But they seem resigned to the prospect that this will continue to meet with refusal.

Rolls-Royce is arguing it cannot afford to give the men a rise this year beyond the £6-a-week interim award they had in January, unless it is in return for higher productivity. It has offered, however, to discuss improved holiday and fringe benefit arrangements.

Journalists get notice

MEMBERS of the National Union of Journalists employed by the Birmingham Post were told in letters last night that they had terminated their contracts of employment by refusing to work normally during a pay dispute.

A statement from the Birmingham Post and Mail said NUJ members employed by the Evening Mail and Sunday Mercury must end disruptive action against the newspapers or be given notice "with immediate effect."

Journalists have disrupted the newspapers each day since July 3, by walking out without warning during working hours to hold mandatory chapel (office branch) meetings.

"Despite the difficulties, the newspapers will continue to appear," the statement said.

Seamen call to accept 37% award

By Our Labour Reporter

FRESH DEMANDS for accepting a 37.3 per cent. arbitration pay award were issued by seamen yesterday on the eve of to-day's crucial meeting when their union leaders will decide whether to reverse last week's decision to reject the award.

Although the men were overwhelmingly in favour of acceptance, a small minority yesterday continued to back the National Union of Seamen's original decision to reject the award and to hold a strike ballot.

Some 25 men on a North Sea ferry operating out of Felixstowe have threatened to strike from this evening unless the executive sticks by its rejection. A poorly attended meeting in Liverpool also vetoed the award. But around 300 men meeting in Harwich and another 110 in Hull voted in favour of acceptance.

This support for the award is in line with the general trend of meetings over the past week where voting has been about 5 to 1 in favour of taking the money.

BMA backs industrial action by hospital staff

BY OUR LABOUR STAFF

THE BRITISH Medical Association yesterday backed a threat of an overtime ban from October by 19,000 junior hospital doctors if they do not get their way on new contracts.

Backing for the juniors came at the annual conference of the BMA, meeting in Leeds.

The juniors say an agreement with the Department of Health early this year means they should be paid overtime for anything above 40 hours work a week. At present they get overtime after 80 hours—which many of them work.

According to the doctors, the Department has offered to pay overtime after 56 hours. The DHSS said the outline agreement, although it talked of a standard 40-hour week, did not imply automatic overtime after that.

The contracts, which started going out to individuals at the beginning of this month, are intended to vary from person to person according to the needs of local hospitals

Lorne Barling writes: Overseas doctors yesterday hit back at criticism of their ability, claiming they were discriminated against, not fairly represented in the profession and blamed for the inadequacy of a few of their number.

In a letter distributed to the 600 BMA delegates, they also said that new EEC directives which will prevent their freedom of movement in the Community will make them second-class citizens.

BSC craftsmen complain on pay

FOLLOWING the example of process workers, craftsmen in the British Steel Corporation are now complaining that their earnings have dropped drastically as a result of new shift arrangements made in order to avoid redundancies.

Mr. Nicholas Leadley, the president of the National Union of Blastfurnacemen, told the union's conference in Scarborough that craftsmen were taking home less pay than labourers under the new arrangements. He called for changes in the guaranteed week arrangement in BSC, designed to guarantee a minimum level of earnings, because the present situation had shown it to be inadequate.

To-day the conference will discuss whether to take industrial action in support of a 35 per cent. pay claim following their leaderships rejection of a 24 per cent. offer by BSC.

Council electricians get parity with industry

BY LORELIES OLSLAGER, LABOUR STAFF

LOCAL AUTHORITIES in England and Wales will be expected to guarantee their 5,000 electricians minimum earnings of £49.20 a week this year—in line with the outside contracting industry under an arbitration tribunal award made yesterday. This meets the electricians' claim, which led to protracted strikes in several towns earlier this year, as far as money is concerned.

The tribunal also recommended that in the next round of pay negotiations in the autumn the basic rate for local authority electricians should be brought nearer to that paid in the contracting industry, giving the men some satisfaction on principle.

The employers had offered to guarantee minimum earnings of £40 a week.

The tribunal also recommended that the basic rate of £37.50 which the employers have been offering to pay from November 1974 to November 1975 should be used for the calculation of overtime payments and bonuses for the whole of that period. The employers had wanted a gradual transition.

Stable lads: new talks

Talks aimed at ending the Newmarket stable lads strike will continue on Sunday, after a "useful" meeting organised by the Advisory Conciliation and Arbitration Service yesterday.

An ACAS spokesman said last night: "A measure of agreement had been reached. About 180 lads have been on strike for the past 11 weeks in support of a £4.47 a week pay claim." They have rejected a £3 a week offer.

After yesterday's meeting the Transport General Workers Union district organiser, Mr. Sam Horncastle, claimed that several stable lads had been sacked over the past few days.

He added: "As a result of this action, we are still in dispute and pickets are therefore going back on duty pending a successful outcome to the talks."

Lucas participation bid snubbed

BY OUR MIDLANDS CORRESPONDENT

PROPOSALS for worker participation attached by the Association of Professional, Executive, Clerical and Computer Staffs to its wage claim for 8,000 Lucas Industries workers were given the brush off yesterday by a rival white-collar union.

The Technical and Supervisory Section of the Amalgamated Union of Engineering Workers scoffed at the idea of "an employer with Lucas's well-known attitudes ever agreeing to acceptable terms," and Lucas itself uttered a non-committal: "The company has said it will consider what has been said to it."

The reaction of TASS to worker participation is one of not especially polite scepticism, though it will not be totally inflexible. But on the whole TASS sees no real value in proposals while industry remains in private hands.

Staff unions at Lucas have put in for "substantial" claims and are threatening to be aggressive in support of them. "The feeling of members this time is that we are not going to be kicked about," a senior steward said yesterday. "We are not going to be taken for fools as we have been in the past."

The staff unions are likely to try to extract a high price for the redundancies being asked for from various sections. These follow some 3,500 redundancies among electrical division manual workers, which have been substantially implemented on a voluntary basis.

Some 14,000 manual workers in the electrical, sales and service, battery, Girling brake and transport factories in the Birmingham area have been offered an extra £7 a week for both men and women. In addition there is £1.25 for unskilled and semi-skilled indirect workers, with the same amount for skilled workers.

Further progress towards equal pay, starting on June 30, is also proposed, with the alternative of a general offer being raised to £7.40 and equal pay being postponed until the end of the year.

The manual unions are expected to make known their initial reaction at least to the proposals by the end of the week or early next week.

FINANCIAL TIMES SURVEY
Wednesday July 9 1975

DUTCH CAPITAL MARKET

The Dutch economy is in fairly good shape at present but faces some long-term structural problems. One difficulty for the near future will be financing the Government deficit while providing funds to support a revival in industrial investment.

Some cause for concern

By Michael Blanden

PROJECTIONS of the future progress of the Dutch economy have become less optimistic in the past few months. In spite of Government action to stimulate the economy, unemployment is now expected to rise considerably more than earlier forecasts had indicated, while gross national product is now expected to fall during this year. Even on the most hopeful assumptions about the development of world trade generally, most economists are now not looking for an upturn before the autumn of this year, and it could be postponed further.

The country, on the surface, is nevertheless performing quite well against the background of the world-wide recession. It is expecting a current account balance of payments surplus, with the help of its natural gas exports at prices related to the level of oil prices, of around Fls.5bn. or more. Its inflation rate of around 10 per cent., though a source of concern in relation to the lower rates now being experienced in other continental countries and particularly Germany, nevertheless looks modest in comparison with the U.K. experience. And the guilder is by most comparisons a strong currency.

In spite of these advantages, however, there is widespread anxiety about the outlook not just during the course of this year and next, but over the longer term. Not all observers are agreed; but many argue that the current cyclical downturn is coming on top of a longer-term structural change in the economy which will make life more difficult for some years to come.

Problems

The fundamental problems highlighted by economists include: a substantial element of structural unemployment, some of it hidden, which will not be eliminated simply by a recovery from the immediate recession; the possibility of continued relatively high inflation in an economy with extensive wage indexing and signs of increasing union militancy; the undermining of the competitiveness of some of the country's export industries; and above all the long-term pressures on the profitability of industry and the secular decline in the relative level of new productive investment. In the background, it is argued, there is the problem of the growing proportion of resources being absorbed by the Government particularly for social security payments, coupled with an apparent lack of consensus over the measures which should be taken to help industry's development.

These issues give added weight to the immediate setback which the Netherlands economy faces as a result of the general recession. The major reason for the rather less optimistic views of the economy's development this year and next lies in the general expectation that recovery in the world economy will be rather slower to come about than had been predicted earlier. More than most countries, the Netherlands is heavily dependent on external trade. Nearly two-thirds of its gross national product is exported; and within this major reliance on the level of activity in other countries, the Netherlands is particularly directly linked to the West German economy. This country alone takes some 30 per cent. of its exports, and for this reason economic developments in Germany have a direct impact on the level of activity in the Netherlands and to some extent limit the policy options open to the Dutch authorities.

It is generally agreed that as a result of reflationary action taken in the U.S. and West Germany there should be some recovery in the level of world activity later this year, and some economists are moderately optimistic that this will be quite significant. The majority view, however, is that the German action in particular is not enough to produce anything but a very modest recovery. Consequently, it is now felt that against the background of an overall drop in the volume of world imports during 1975 as a whole (whereas earlier it was felt that the recovery later this year could be enough to maintain the level of activity over the year as a whole) the Dutch economy faces a more lengthy period of recession with the prospect of probably only slow recovery next year.

Official action has been taken—one of the first countries to do so—to provide some new stimulus to the economy. As early as the Spring of 1974, the Dutch Government was moving towards some reflationary policies. Generally, these have covered four major areas. They include the reduction of income tax and PAYE deductions, particularly for the lower income brackets and for the self-employed: fiscal incentives for investment by enterprises; reduction of the burden of social security contributions by transfers from the Government budget; and stimulation of activity in the building industry which has suffered a particularly severe depression from the overexpanded levels of capacity which it had reached in earlier years.

A total of some Fls.3.7bn. is reckoned to have been pumped back into the economy this year as a result of temporary relief on tax and social security contributions though this is partly offset by the Fls.1.9bn. increase in the domestic price of natural gas. In spite of these measures, however, the current picture includes the prediction that gross national product in volume terms, earlier expected to show a small increase, will now drop during 1975 as a whole by some 1 per cent. or more, the first overall downturn since 1958. The volume of investment in the hard-hit residential building sector is expected to show a fall of around 11 per cent.; while gross investment by enterprises is now predicted to show a fall of as much as 5 per cent.

The volume of personal consumption is thought likely now to increase by no more than some 2 per cent. to 2½ per cent.; but a large rise of up to 10 per cent. is anticipated in public expenditure on goods and services. At the same time, the situation will lead to a Government borrowing requirement representing some 5 per cent. of money national income; this however, is not regarded as a major problem. It partly reflects the general recessionary situation and the underspending elsewhere in the economy, and with the help of a little judicious monetary financing it is not thought likely to present problems for the control of the capital markets. More worrying, it is felt, is the prospect that the deficit could be even larger next year, at levels uncomfortably above the historic trend.

Unemployment, it is now thought, could rise to 200,000 or above, representing more than 4.5 per cent. of the working population. This area, moreover, is a particular source of concern. One point is that within this total there is a considerable element in the building industry which is more than merely temporary, as a result of the past over-expansion of the industry. Secondly, it is pointed out that apart from the published unemployment figures there is a large and growing element of hidden unemployment. In a high wage, high social security economy, a rapidly growing number of people are being put on to disability pensions; a fairly conservative calculation suggests that taking part of this number into account the actual level of unemployment could be around 7 per cent. Moreover, taking into account other groups receiving social security payments, it is possible to reach figures which suggest that as much as a fifth or so of the population is not in fact contributing to the national production.

Unemployment is therefore one of the higher priorities of economic policy. It is, however, in part only a symptom of some of the longer-term problems which are worrying economists in the Netherlands. It is increasingly felt that the economy is going through a phase of transition which will require fundamental changes in policy. Up to the end of the 1960s, it is argued, the Netherlands enjoyed a particularly strong position, with a developing industry, competitive in export markets, economic growth and investment which permitted the development of a high wage, high security system. The oil crisis brought a shock, in a country which was singled out for embargo. This proved temporary, and in some ways the country has emerged in a stronger position particularly in relation to its balance of payments. The balance of payments strength, however, it is pointed out, is entirely the result of the natural gas production and export; without that, there would be a substantial deficit.

Strong

One consequence of this is that the guilder has remained relatively strong, leading to complaints from industry about the loss of competitiveness in export markets. While some observers are inclined to discount this as part of the normal reaction of industrialists to competitive pressures, it is nevertheless recognised that the industrial sector, with inflation rates running rather higher than in West Germany, may find increasing pressure from its wage costs. One economist, pointing out that the bulk of the natural gas revenues go to the Government in any case, suggested that this production represented "a curse in disguise" for the businessmen.

It is the position of industry which is causing growing concern. One element is the large increases in recent years in the proportion of the national income which has been absorbed by the Government to finance social security transfer payments. Economists maintain that this may now be reaching a stage which the economy cannot afford, and that in the longer term a transfer of resources

CONTINUED ON NEXT PAGE

PRIVATE SECTOR DEMAND FOR CAPITAL

(Percentage of net national income)

Description	Average 1964-67	1968-71	1972	1973	1974
1. For private housebuilding purposes	2.5	3.2	4.0	4.2	3.6
2. For social and community services purposes†	1.3	1.7	2.3	1.6	1.2
3. *For other purposes*	3.6	2.8	3.4	3.0	3.5
Total	7.4	7.7	9.7	8.8	8.3

† That is, direct or indirect government-guaranteed loans (estimated to have been) taken up by public utilities (water, gas and electricity, and transport) and non-profit institutions providing social, cultural or recreational services in a wide sense, including public health services—but excluding housebuilding.

Source: Nederlandsche Bank

Central Bank keeps its balance

THE MONETARY policy of the Dutch Central Bank, De Nederlandsche Bank, is balanced on a knife-edge. Domestically, in an economy running with an uncomfortably high inflation rate of some 10 per cent., it has to reconcile the need for a fairly restrictive policy with the pressures of a substantial Government borrowing requirement both this year and probably next year as well. Externally, its options are limited by the country's heavy dependence on trade with other countries, particularly West Germany, and by the need to keep the general level of interest rates in line with those abroad in order to avoid substantial flows of funds into the Netherlands and the consequent inflationary pressure.

Within these parameters, however, the Bank has been relatively effective in keeping the equilibrium at which it has aimed, through judicious use of the controls which it has at its disposal. These are extensive, through the regulations which the Bank is able to apply to the banking system. But recently the Bank has been tending to use what are referred to as "indirect" credit controls rather than direct regulations of the banking system, using its rules and its open market operations to control the level of liquidity in the market.

Tight

During most of last year, the Bank's aim was generally to keep the money market a little on the tight side, without imposing such stringency as would exaggerate the domestic economic recession. The high level of interest rates in Holland was maintained largely as a result of the action of the monetary authorities.

There was during the year a considerable growth in the business of the banks, with the commercial banking sector overall showing a balance sheet growth of over 18 per cent. Against the background of inflation, there was a substantial rise in the money supply, with a strong expansion of bank loans particularly to finance stock and debtors among their corporate customers. As a result of this and the balance of payments surplus, there was a significant rise in the level of liquidity in the economy. As the Central Planning Bureau has pointed out, though, this did not necessarily mean that monetary policy was contributing to demand inflation. For because of the interest rate structure, there was a continued transfer of funds from savings accounts, which are not counted as liquid resources, into fixed deposits, which are. On balance, it is felt, monetary developments in the economy were probably roughly neutral.

Frozen

Effectively, a substantial part of the liquidity was frozen, while the market was also drained by the central authorities through tax receipts and the issue of Treasury bills. Consequently, the Central Bank found little difficulty in handling the situation. It was able to keep the banking system under control in a period when the money market was generally tight, acting when necessary to relieve the pressures through credit lines to the banks and by extensive swap transactions—in which the authorities use U.S. Treasury paper.

This year, the situation has changed. In the early part of the year, the money market generally remained tight. It is reckoned that the average shortage of money was running at about Fls.770m. In spite of this, there was a downward trend in the level of interest rates against the background of falling rates abroad, particularly in West Germany, which enabled the authorities to allow domestic rates to come down in line. More recently, however, the market has seen a substantial increase in liquidity, and in order to keep the situation under control the authorities have lately been carrying out swap transactions to take funds out of the market and sustain interest rates at a relatively high level.

This policy is dictated by the current relatively high level of domestic inflation, which at around 10 per cent., it is felt, is running rather higher than the authorities would like to see, particularly in relation to the lower rates now being experienced in Germany. For this reason, it is argued that the domestic money markets must not be allowed to become too easy, with the danger of contributing further to inflation, and that interest rates are unlikely to fall substantially further. What has happened recently is that while official rates have been held up, with the Bank rate currently at 6 per cent., actual levels in the money market have dropped substantially further.

This situation for the time being probably suits the authorities. For one of the immediate problems they face is to reconcile the policies dictated by internal considerations with the effects they have on the country's external position. While aiming at a farily neutral monetary policy, balanced between over-liquidity which would add to inflationary pressures and excessive tightness which could bring a liquidity crisis in the economy, the authorities are nevertheless not completely free to conduct an independent interest rate policy.

Interest rates have in effect to be manipulated in order to help sustain the level of the exchange rate within the relatively narrow limits imposed by membership of the European "snake" joint floating arrangements. In normal circumstances, significant interest rate differentials tend to produce substantial flows of funds in one direction or another; when Dutch rates are relatively high, the country starts getting a substantial inflow of D-Marks.

It is one of the aims of current policy to avoid substantial capital inflows for a number of reasons; one is that this again could contribute to inflationary pressures; another is that the guilder is already relatively strong, and there is concern that upward pressure on the exchange rate will contribute further to the problems of Dutch industry in maintaining its competitiveness in relation to suppliers in other countries. It is pointed out that the strong balance of payments surplus is entirely due to exports of natural gas, and that other sectors of industry are experiencing some competitive pressure.

The other important issue which is expected to exercise the authorities this year and particularly next year is the question of financing the Government deficit. The official action taken to provide new stimulus to the economy through tax cuts and Government spending has produced a record Government deficit expected to run at around Fls.10bn. Financing this borrowing requirement is not expected to be a major problem this year, though it is recognised that it will be necessary to have some recourse to inflationary monetary borrowing and that it is likely to mean keeping interest rates relatively high. The bulk of the funding, it is felt, can be met by a combination of borrowing through the private market—from the Civil Service Pension Fund—and recourse to the public capital market, with monetary financing kept at a relatively modest level. Given the depressed state of the economy at present, it is argued, the deficit need not be regarded as an inflationary problem since it is merely offsetting the low level of economic activity in the private sector.

Concern

There is some concern, however, about the situation if, as expected, there is the beginning of an economic upturn towards the end of this year and further growth in the private sector next year. The Government deficit could increase even further next year unless specific action is taken to reduce it. A situation could then be seen in which a revival of industrial confidence and investment would bring an upsurge in private sector demand for bank and capital finance, making the funding of the Government's requirements more difficult. Ensuring that finance is available for industry to support the increased cost of stocks and increased investment, but without adding demand pull inflation to the present cost push, could present a difficult problem of judgment for the authorities.

Michael Blanden

Concern

CONTINUED FROM PREVIOUS PAGE

back from this and other forms of consumption to real investment is required. And this brings the argument to the central issue—familiar in the U.K. too—of the long-term level of industrial investment and profitability.

The central economic plan produced by the Central Planning Bureau (in fact a forecast rather than a prescriptive plan) drew attention this year to the level of the "earned income ratio"—the share of wages in the production of enterprises at factor cost, including imputed wages of the self-employed. For all enterprises, this reached 81.9 per cent. last year; while eliminating sectors such as natural gas where returns accrue mainly to the Government, the plan pointed out that the ratio had shown a sharply rising trend since the beginning of the 60s and reached almost 90 per cent. last year.

Vulnerable

This gives rise to the assumption that "with a capital-output ratio of about three, the net return on investment before taxes was not more than 4 per cent. in 1974 on average, compared to 9 per cent. at the beginning of the 1960s." The conclusion drawn is that trade and industry was in a "highly vulnerable position" with the trend in the ratio producing an ever greater demand on loan capital.

The outlook for the Netherlands economy, therefore, is by no means completely depressing, but includes a number of elements which are a source of anxiety. Later this year a recovery is expected, building up next year possibly to a more positive upswing, with a continued handsome balance of payments surplus. But it is felt that over the longer term, the growth trend may be markedly slower than the country was accustomed to in the past, and that positive action may be needed to ensure a higher level of industrial investment and to maintain the competitiveness of indust y abroad. At present, it is by no means clear in what form it will be possible to reach agreement among the various sectors of society on the measures regarded as necessary.

SUPPLY AND DEMAND ON THE CAPITAL MARKET

Description	Fls.m. 1972	Fls.m. 1973	Fls.m. 1974	% of net national income: Average 1968-71	1972	1973	1974
NET DOMESTIC SUPPLY							
Funds*	9,900	9,600	11,900	5.8	7.3	6.3	7.0
Savings banks	2,180	1,920	1,280	1.1	1.6	1.2	0.7
Personal and business sector	1,740	2,940	2,890	1.1	1.3	1.9	1.9
Money-creating institutions†	7,210	6,000	5,700	3.4	5.3	3.9	3.4
Total	21,030	20,460	21,770	11.4	[illegible]	13.3	[illegible]
NET DOMESTIC DEMAND							
Central government	2,220	1,800	2,440	3.6	4.8	2.5	3.7
Local authorities	4,270	2,010	3,860				
Private sector	13,170	13,540	14,140	7.7	9.7	8.8	8.3
Total	19,660	17,350	20,440	11.3	14.5	11.3	12.0
NET OUTFLOW (−) OF FUNDS	−1,370	−3,110	−1,330	−0.1	−1.0	−2.0	−0.8

† Net of their domestic demand.
* Life assurance companies, pension funds and social insurance funds.
Source: Nederlandsche Bank

Fair year for commercial banks

FIGURES released by the Central Bank show that the growth of Dutch commercial banks last year was substantial, though the rate of increase was not as pronounced as in 1973. At Fls.97.55bn., the bank's combined balance sheet total was up by 17.7 per cent, compared with 27 per cent. plus the year before.

The high level of companies' stock financing last year as a result of inflation, and the energy crisis causing the downturn in the international economy meant that the supply of short-term credit to the private sector again rose powerfully in 1974—by 27.9 per cent, against 34.5 per cent. in 1973. Both the growth of short and long-term loans for industry slackened in the second half of the year as a result of stocks having reached abundant levels and the lowering of foreign demand. Company investment had started to fall.

But despite the generally ample availability of lending business for the banks in a period of high inflation, during which they have had to finance the economy while company results remain below the level of inflation, there are some uncertainties ahead for them.

Concern

The deteriorating financial position of Dutch industry is also clearly a matter of concern for the banks with their involvement in lending operations. But as the Algemene Bank Nederland stated in a recent publication: "The major problem for the banks is the deterioration of the banking system itself—this may act as a brake on the readiness of banks to grant loans in future."

The banks are subject to the Central Bank's liquidity regulations which compel the private banks to keep a certain amount of their resources against loans granted to the private sector without sufficient collateral. The problem that has now arisen is that the growth of the banks' own resources has not kept pace with the growth of lending. As a result, banks were compelled to eat into their reserves and several banks have already come close to the minimum capital level.

While the banks are aiming to push up earnings substantially this year so that larger *sums are available for additions* to internal reserves, several have also turned to share issues this year. In the first quarter *of the year these were Algemene* Bank Nederland (ABN), Amsterdam-Rotterdam (AMRO) and Slavenburgs.

The whole subject of additional financing needs in a period of high inflation is the subject of continuous discussion by the banks, which appreciate that higher earnings, though necessary to ensure continuity in bank lending to the private sector, will not be very popular with the public. One possibility under discussion is the gradual removal of the link between current account rates and the Central Bank's discount rate for promissory notes.

BANK BALANCE SHEET TOTALS

(In Fls. bn.)	end-1974	end-1973
Rabobank*	37.36	31.76
Algemene Bank Nederland	34.94	28.76
Amsterdam-Rotterdam Bk.	33.84	27.34
Ned. Midd. Bk	13.53	12.05
Mees en Hope	5.51	4.71
Ned. Crediet Bk.	4.82	4.18
Slavenburg's	3.696	2.84
Pierson's	2.70	2.61
Van Lanschot	2.32	2.30

*Co-operative group.

The solvency situation of the Dutch banks is best illustrated by the breakdown published recently by Piersons. Their equity as a percentage of credits granted and investments—including subordinated loans, which have gained the status of permanent capital—has fallen from 19.8 per cent. at December 31, 1966 to 10.9 per cent. at the end of last year. The percentage five years ago was 15.2.

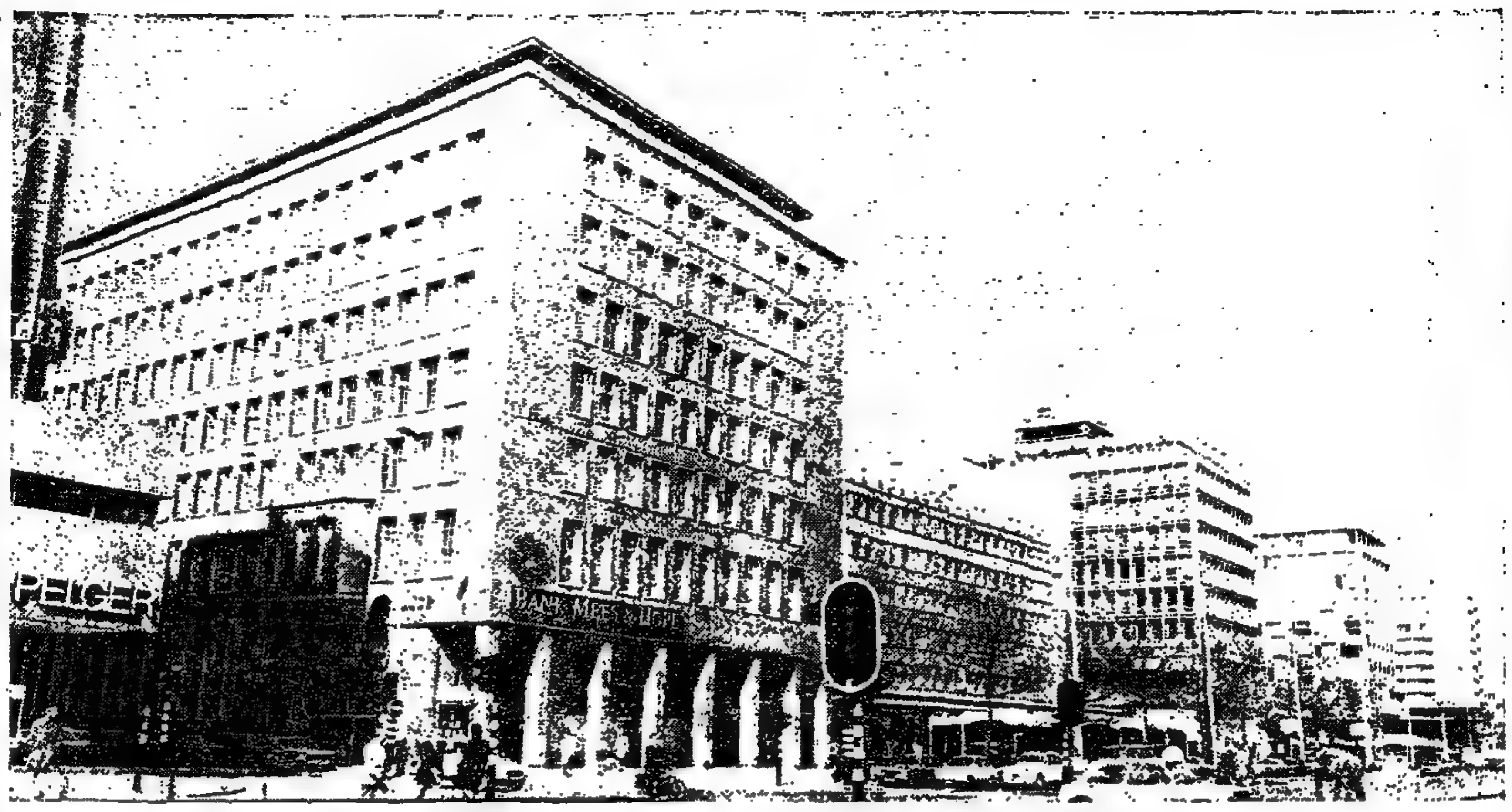
There is still some uncertainty about the Government's decision to set up a "Postbank," with the banks arguing that such an enterprise—to be developed from the Post Office, the State Postal Savings Bank, and the post cheque and giro service—was superfluous from the point of view of additional competition. However, the Socialist Finance Minister Dr. Willem F. Duisenberg, is pushing very hard for the establishment of the "Postbank."

He told the 25th anniversary meeting of the Dutch Bankers' Association last September that he felt that the Dutch banking *sector was characterised* by a large degree of concentration. Although he was careful not to suggest that the level of competition *was not as sharp as it* could be, the Minister added that the new competitive impulse coming from the new State bank would be "*desirable.*"

He stressed that its relationship with the Government would not lead to preferential treatment of the State bank to boost its competitive edge, something that is clearly doubted by the commercial banks. Dr. Duisenberg also pointed out that more than 5m. clients had preferred *to use the existing State financial services* despite their restrictions, and that they were entitled to an expansion of these *services.*

The Minister has also pledged to speed up the introduction of the new Credit Supervision Bill which has taken a great many years to complete. It will include a licence system for the credit institutions as is customary in other countries, and will also cover the small institutions. New rules to step up control of the investment funds are also being drawn up under a different Bill.

The new Credit Supervision Bill will also contain legislation for the control of mergers and participations in the credit institutions sector and the Finance Ministry will have a greater say in matters. So far, the Central Bank has the sole supervision but it was reported recently that Dr. Duisenberg wants to have a veto power of mergers in the credit institutions sector.



Coolsingel in Rotterdam with the Bank Mees and Hope office on the left.

Discussions

As far as individual developments in Dutch banking are concerned, Bank Mees en Hope was in the news on several occasions. Having co-operated closely with the private organisation of savings banks—it had a 40 per cent. interest in the Bond der Bonds-spaarbanken—it returned its shareholding last year. This followed lengthy discussions internally among the savings banks who decided they wanted to operate more independently in future. Their decision is believed to be regretted by Mees en Hope who thus lost a tap on the large savings market.

Meanwhile, the private savings banks have initially rejected the earlier mooted merger with the State savings banks. The Bond first wants to sort out its own structure and is waiting to see what the emergence of the "Postbank" will entail.

Mees en Hope was also in the *news after it was announced* that its chairman, Dr. F. Grapperhaus, a former State Secretary at the Finance Ministry, was resigning earlier this year over a policy disagreement with the Supervisory Board. Although the two parties have remained tight-lipped about the nature of the disagreement, Dutch banking sources said Dr. Grapperhaus had wanted to sell out the bank. They mentioned the Middenstands Bank, in which the State has an interest, as the possible partner. The Mees in Hope group is now chaired by its former Supervisory Board member, Dr. H. Brouwer, who had previously retired as chairman of the Pakhoed group which he had built up.

The main development has undoubtedly been the news that the old Pierson, Heldring en Pierson partnership is joining the big AMRO group, where it will retain its own identity. In view of the need for major capital injections in future to finance continued expansion, joining the large AMRO group, with its wide international experience, offered good possibilities. For AMRO, the specialised nature of the Pierson company, as well as its excellent reputation, were attractive. Pierson's emphasis has always been on the equity market.

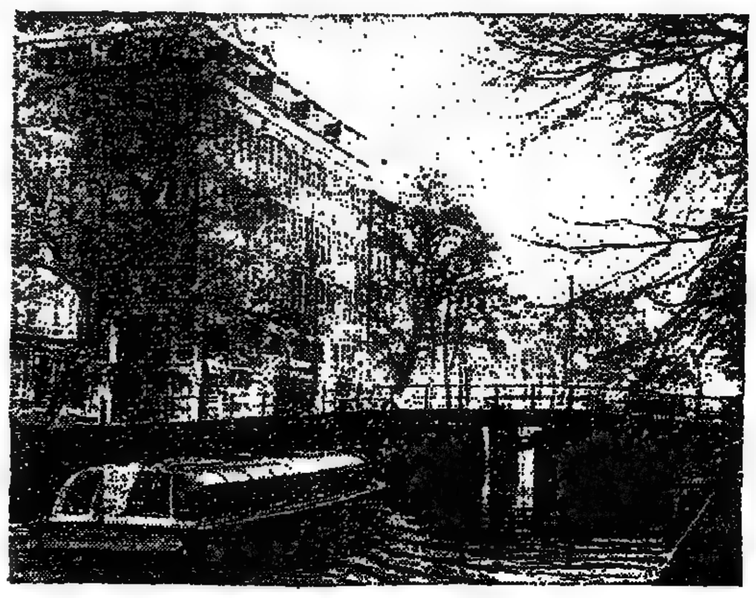
The 100-year-old partnership will be transformed into a limited liability company as part of the process of joining AMRO, the enlarged group becoming the largest Dutch commercial bank in terms of balance sheet totals.

ABN was in the news recently when it acquired the relatively small Manchester-based bank Northern Commercial Trust thus continuing the build-up of its foreign branch network. AMRO has expanded its foreign activities mainly through the European-American Banking consortium which acquired part of the former Franklin National Bank activities in October last year. Rabobank, the giant co-operative group based in Utrecht, saw the conclusion of the first year of business of Raboamerica in Amsterdam, its joint venture with the Bank of America. The annual report said business had developed satisfactorily so far.

Decreased

In general in 1974, the foreign activities of the Dutch banks achieved substantial earnings. The short-term foreign assets of the banks were decreased in the second half of last year chiefly as a result of the confidence crisis in the banking sector after the failures of certain foreign houses following heavy losses on forward exchange transactions. Interestingly, the Dutch Finance *Ministry regards current* controls in this field as sufficient and it has not made any revision of the new Credit Super*vision Bill as result of the* adverse developments among a few foreign banks.

Michael van Os
Amsterdam Correspondent



DUTCH CAPITAL MARKET IV

High fixed-interest demand

A LENGTHY queue is building up in the Dutch market of borrowers wishing to raise new fixed-rate finance. At the same time, the Central Bank, which controls the flow of new issues to the market, has also found it necessary to take action to limit the number of new issues using the external guilder market—the Euroguilder—because it was felt that too much pressure could be put on the currency's international position. The recent developments are a reflection both of the internal situation of the country, with declining interest rates and considerable pressure for new long-term funding, and of the external attractions of the currency as an investment.

In the internal Dutch capital market, fixed rate long-term finance provides a major part of the funds available for the company sector. The equity market plays a relatively minor role. Last year, for example, of a total of Fls.14.1bn. raised for the private sector, only Fls.79m. came from share issues. In order to maintain their equity base companies tend to rely on retained profits, and in recent years the pressures on profit margins have created a situation where concern is being expressed about the extent to which the industrial sector has geared itself up with loan finance. This is a point which has been underlined by the Dutch Central Planning Bureau; it has pointed out that this year the demand for loan capital resulting from the high proportion of national income absorbed in wages and the continued deterioration of solvecy positions.

During last year the overall private sector demand for capital market finance grew less rapidly than in previous years, but this trend was affected by a number of special factors. One was the further slow-down in borrowing by public utilities and non-profit institutions providing social and community services financed under Government guarantee. Another was the decline in the volume of borrowing in the particularly depressed housebuilding sector. Leaving these aside, the purely commercial and industrial sector of the economy was able to obtain the funds needed to meet its increased needs.

The main increase in demand came last year from the public sector, and in particular the greater borrowing activity of the local authorities. Overall, domestic demand increased by nearly 15 per cent., but within the total the central Government requirement rose from Fls.1.8bn. to Fls.2.4bn., and the local authorities' from Fls.2.0bn. to Fls.3.9bn. against an increase only from Fls.13.5bn. to Fls.14.1bn. in the private sector demand.

Slipped

The domestic supply of funds expanded by only some 3 per cent., from Fls.20.46bn. to Fls.21.77bn., and as a proportion of net national income slipped from the high level of 13.3 per cent. in 1973 to 12.8 per cent. This was enough to cover demand and leave a net outflow of funds of Fls.1.33bn. During the first half of the year, large amounts of capital continued to move out of the country, but in the second half the outflow virtually stopped because residents bought less foreign shares and sold more domestic bonds to non-residents.

This development was helped by the abolition in February last year of a regulation known as the "O-circuit," which allowed non-residents to buy guilder-denominated bonds from residents only against payment in guilders obtained from the sale of such bonds by non-residents to residents, effectively making a closed pool of funds. Following this move, non-residents bought Dutch bonds in large amounts from May onwards. The change was made because at that stage the authorities were less worried than previously about the possibility of an inflow of funds from abroad. Recently, a further change has been made to allow foreign borrowers access to the domestic market for the first time in 14 years in order to stimulate further capital exports.

The major source of supply of funds is the institutional investors, life assurance companies, pension funds and social insurance funds. Last year this group, providing Fls.11.9bn. of funds against Fls.9.6bn. in the previous year, was the only one of the main suppliers to increase investment. The personal and business sector supply of funds fell back from Fls.2.94bn. to Fls.2.89bn.; while the savings banks (at Fls.1.28bn. against Fls.1.92bn.) and the money-creating institutions (banks, with a fall from Fls.6bn. to Fls.5.7bn.) both cut their supply of capital owing to the deceleration of the growth in savings deposits.

An important point about the Dutch capital market is that while the public bond market plays a major role in providing funds for the private sector, substantial amounts of long-term funds are raised through private issues. These issues, involving simply the issue of a certificate of indebtedness to the lender, represent a major proportion of the funds provided by the institutional investors. Last year, out of the private sector's total borrowing of Fls.14.1bn., just about half, some Fls.7.1bn., was raised in the form of private loans.

This was less than the Fls. 7.6bn. raised in this way in the previous year. Against this, bonds, including mortgage bank bonds, increased from Fls.715m. to Fls.1.25bn. while mortgage loans increased from Fls.4.12bn. to Fls.4.54bn. The rise in mortgage loans came in spite of the setback in private housebuilding, and may have reflected a growing preference by lenders for security in the form of mortgages in view of the slackening economic activity.

These developments came against the background of rising interest rates in the earlier part of the year. Capital market rates reached their peak in July to October, when rates on Government loans were around 10¾ per cent. compared with 8¼ per cent. in the corresponding period of 1973. After that, however, the combination of the slackening economic activity at home and the movements in money and capital market rates abroad brought a sharp fall in interest rates, making lenders more willing to put up funds for longer terms, and the fall has continued into this year. On January 1 the average yield of the latest five long-term Government bonds was 9.1 per cent.; by mid-June this had dropped to 8 per cent.

Encouraged

These movements have encouraged a continued flow of borrowers. This year, the increase in demand from trade and industry may be relatively small because of the lack of willingness to invest: but a strong demand for funds is expected from the central and local government authorities. Even now, the market is faced with a considerable queue of borrowers and it is reported that a wait of some months is necessary. If the expected upswing in economic activity develops later this year, it is felt that the pressures on the market could become even greater. In that situation, a further increase in industry's demand could come on top of the Government requirements as well as the demand for capital finance by the banks, which need to lift their capital bases in order to meet solvency requirements. A more-or-less normal development of the supply of long-term funds is expected, with the help of some return flow of high deposits built up last year when money market interest rates were higher than those in the capital market. Nevertheless, it is thought that interest rates on the domestic capital market are unlikely to show further sharp falls and could even see some upward trend later this year.

The Euro-guilder market where loans are normally for considerably shorter periods (5-7 years) than in the domestic market, is a separate but related operation where both domestic and foreign borrowers may raise funds but where the Central Bank insists that the proceeds should be used only outside the country—in line with the general policy of discouraging capital inflows. Here there was a revival in the demand for guilder-denominated debt instruments last year which brought about a flow of guilder bonds in the international market from May onwards. The net demand on this market from residents (not recorded in Dutch capital market statistics) totalled Fls.350m., of which Fls.550m. was borrowed by banks. In addition, non-residents issued guilder notes up to about Fls.100m.

This year, the flow of new Euroguilder issues has continued at a high rate; but the Central Bank, concerned to keep control over the guilder's external position and feeling that the flow was developing too rapidly, has very recently put a damper on this development by limiting the number of issues to one a month. The latest to appear, at the beginning of this month, has been an issue of 8¾ per cent. 7-year notes to a maximum of Fls.70m. for the Republic of Austria.

Michael Blanden

The property sector

THE DUTCH capital market is one of the most developed on the Continent in the provision of finance for property development and long-term investment. Yet, like the property finance markets in the rest of Europe—particularly in the U.K. — it has been seriously affected over the last two years by the economic recession and fluctuations in interest rates. And while there has been a recovery over the last nine months in parallel with the decline in international interest rates the improvement is still only hesitant and partial.

One immediate contrast with the "boom" conditions of two years ago is the virtually complete absence of new British investment or development activity—and indeed the withdrawal by some companies. Consequently the market is determined much more by purely local influences than in the most hectic period of late 1972 and 1973.

The basic structure of the local property industry in the Netherlands is in many respects, however, much more similar to the British pattern than anywhere else on the Continent. This applies to both the finance and the investment markets: thus finance has traditionally been available on a short to medium term basis to cover the construction and development phase from the normal spectrum of commercial banks—some of which were closely involved in the rapid expansion of certain British companies.

Beyond that, longer-term finance has generally been available from the various mortgage banks. But a key influence—and similarity with the British set-up—has been the existence of an important institutional investment market involving the insurance companies, pension funds and various property trusts.

Activity

Institutional activity in the commercial field—in particular by pension funds — is a relatively new phenomenon. Although the big institutional investors have traditionally had sizeable property holdings, up to the late 1960s these were almost entirely in the residential sector. This was the result of a variety of social, political and market influences which effectively directed funds in this direction. But the easing of licences and controls on commercial development in 1968 led to a growing amount of institutional money flowing into office and shop schemes—especially as there were continuing restrictions on housing rents.

The result is that not only do the big Dutch insurance companies all have extensive commercial property investments, but so do many of the main pension funds—notably those of the big multi-national organisations. For example, both the massive AKZO and Shell funds have over a fifth of their portfolios in property of one kind or another, and the proportion rises to 40 per cent. for the Philips funds, one of the early leaders in this area.

However, despite the increase in the amount of commercial investment and direct development activity by these funds in the last seven years, most of their portfolios are still predominantly in residential property. The Shell and Philips funds, for example, still have between three-fifths and two-thirds of their holdings in residential property — and this general emphasis reflects both official and union attitudes. However, unlike the U.K., there are many more individual developments which combine residential and commercial uses—for example, in Amstelveen, just to the south of the Amsterdam city border there are several large, ten-storey blocks with offices up to the fifth floor, and flats from there upwards.

An important difference from the British pattern is that there are relatively fewer property development companies as such—though there are a number of development offshoots of construction groups. Consequently, while institutions have been willing to buy schemes on completion from developers they have also been active in development themselves from the start.

Overshadowed

However, even the growing activities of local funds tended to be overshadowed back in 1971-73 by the operations of the various British investors and developers. A wide range of companies became involved: and although some financed acquisitions by the use of the £1m.-a-year dollar premium exemption, until this was stopped in spring, 1974, most of the acquisitions were financed locally—usually by short-term bank money. While the over-expansion did not reach the same extent as in the U.K., the impact of the eventual bursting of the development "bubble" of this period can now be seen in the high unemployment in the building sector.

The economic downturn throughout western Europe which started in 1973-74 and the earlier sharp rise in interest rates was the main check of this development "boom"—and the effects have been reinforced by the absence of new British acquisitions. Consequently investment activity was on a comparatively small scale last year; and despite a limited amount of interest from local funds, yields rose sharply, though not by nearly the same

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DUTCH CAPITAL MARKET V

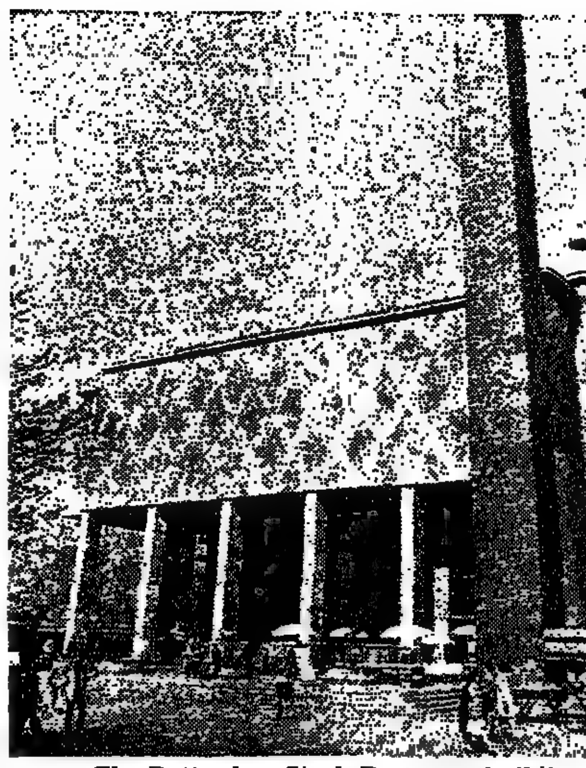
Bourse trading increases

THE MODEST recovery which began at the Amsterdam stock exchange about November last year has continued in the current year with the aid of falling interest rates. The Stock Exchange Association reported earlier this month that the total trading turnover in bonds and shares amounted to Fls.13.1bn. in the first half of this year. This was some Fls.5bn. more than that in the same period last year when business was particularly bad.

Of this six-month turnover, Fls.3.38bn. was accounted for by bonds (of which Fls.197.7m. were foreign), compared with Fls.2.45bn. (Fls.91m.) in the same period last year. Shares turnover reached Fls.7.7bn. (foreign share Fls.409.6m.) against Fls.5.67bn. (Fls.33.2m. last year).

Figures published by the Central Bank this month show that in the first quarter Dutch investors' purchases of foreign shares exceeded sales by as much as Fls.238m. Foreign investors, notably the British, continued to sell Dutch shares. British sales exceeded purchases by Fls.125m., and for U.S. investors the sale balance was Fls.32m. Dutch investors continued to favour American shares, with purchases exceeding sales by Fls.94m. in the first quarter. These developments would seem to reflect a general pessimism over Dutch economic prospects.

The climate on the Amsterdam Stock Exchange—which is traditionally strongly influenced by external developments, notably by Wall Street — is characterised by continuing uncertainty about future economic development. The Central Planning Bureau's gloomy forecast this month that world trade may fall by 3-4 per cent. or more this year has had its effect, while its forecast that total investment, excluding housing construction, was likely to fall 3 per cent. this year added to the gloom. The decline in the level of interest rates has not yet come to an end, however, although the bottom is thought to be near. A plus point, however, comes from reports that inflation in Holland may be slightly down on last year.



The Rotterdam Stock Exchange building.

Uncertainties

During the past year, price developments at the Amsterdam Stock Exchange have been very disappointing as a result of the uncertainties and rising interest rates, as were the turnovers, although the final figures are still slightly better than at other bourses in Europe. A comparison with New York shows that that Exchange has performed better only if the decline of the dollar is not taken into account.

As far as foreign purchases were concerned, there was a recovery of the interest in Dutch bonds in the latter part of last year, but not the hoped-for renewed interest in shares. The share market declined strongly in the second half of the year and the general average index (1970 = 100) reached a new low of 70 in October.

Following the disappointing share price development last year in almost all industrial countries, Dutch institutional investors showed greater interest in the fixed-interest sector. As a result, many bond issues were successful. Greater interest was also shown in the private placement market where turnover was again at a very high level. Industrial borrowers were very active in this market.

Also following the adverse climate last year, the number of foreign listings on the Amsterdam Stock Exchange showed a decline, particularly in the second half of 1974. There have been no new foreign listings so far this year. In 1974 there were 17 foreign introductions compared with 35 in the previous year. Last year's listings included Japanese, American, French and German companies, as well as two British companies—Bowater and Guest, Keen and Nettlefolds. Twelve of the share listings were affected in the form of so-called continental depository receipts (CDRs). The Amsterdam Depository Company responsible has been set by by the four leading issuing houses in Holland: Algemene Bank Nederland, Amsterdam - Rotterdam Bank, Mees en Hope and Pierson's.

With a low in October and a high in April, the general Dutch index for the stock exchange had fallen 20.1 points last year, with all sectors apart from shipping showing major falls. The internationals went down 23.4 points, industry 21, banking and insurance 21.9 and trading/commerce 14.9 points. Shipping showed an almost negligible increase of 0.3 points.

At the year-end bond turnover had fallen 10 per cent. to Fls.5.88bn. (foreign bonds turnover was down 11 per cent. to Fls.223.5m.), while the share turnover had declined by 45 per cent. to about Fls.10.53bn. (foreign share turnover was down 53 per cent. to Fls.518.7m.). Overall turnover at the Exchange, therefore, has declined 36 per cent. to Fls.16.4bn.

The Stock Exchange Association noted in its annual report that another setback last year was the dividend freeze under the Special Powers Bill covering the dividends for 1973 paid last year. The Bill which came into force only last year, gave the Government wide-ranging powers to control wages, incomes, prices, rents and dividends, etc., to protect the economy as far as possible against the aftermath of the energy and raw materials price rises. As a result, dividends declared for 1974 and paid this year were somewhat higher to make up for the freeze during the previous year, although a number of companies had offered additional stock dividends.

Writing in the most recent issue of "Beursplein 5," the Exchange publication, Mr. Eduard Damen, a Dutch financial journalist, pointed at the apparently new trend among Dutch companies of lowering the percentage of profit retainment. This was partly responsible for the higher dividends this year. He felt that the traditional Dutch company philosophy of carrying out self-financing up to the maximum possible level might be coming to an end and that the pay-out might be based more on the net profits shown. This, Mr. Damen said, would be adding to the Exchange's attraction for investors, benefiting both parties. In the past, investors had suffered from companies reserving more and more profits to compensate for the company profit erosion for which the Government had been partly responsible. Higher Exchange prices would open the door for more companies to raise money on the public market.

Meanwhile, there are indications that the study recommending new legislation covering the Stock Exchange business, which is being carried out by a Finance Ministry official, may be concluded before the end of the year. This would include financial legislation for special circumstances (emergency legislation), incorporating parliamentary handling. The new legislation would also cover the drawing up of "adequate institutional instruments" for the official supervision of the Exchange and the security business. Both the Stock Exchange Association itself and the banks are working hard to streamline practices and cut costs. After official approval is obtained, GIRAL (derived from Giro) securities traffic could be introduced in 1976.

So far this year, the general bourse index has risen 14.6 points over the period December, 1974, to May, 1975. Strong gains have been recorded by the banking sector (up 35.4 points) and by insurance (up 20.5 points). The smallest gain was recorded by shipping/air lines (up 9.3 points), while the internationals, industry and commerce, advanced at an average level.

Reduced

Hopes of an economic reversal in Holland before the end of the year have been reduced by the Central Planning Bureau in The Hague. There are some fears on the Amsterdam Exchange that higher inflation will be generated by the Government's recent decision to print some money to help finance this year's budget deficit which, at about Fls.10bn., was double the expected deficit. On the other hand, the range of unfavourable reports about the Dutch economic situation may serve at least to weaken the guilder, which had appreciated substantially in foreign markets. This was the result of the country's strong balance of payments position, thanks to the huge income from natural gas sales. Any weakening of the guilder would be welcomed by Dutch exporters, who sell about half the country's production abroad.

Michael van Os

Property

CONTINUED FROM PREVIOUS PAGE

extent as in the U.K. Some of the yields which had been talked about at the top of the market in autumn 1973 were somewhat artificially inflated by the British activity, but an idea of the trend can be appreciated from the estimate that whereas in October 1973 the prime rate for offices was 6 to 6½ per cent., the figure now is perhaps half a point either side of 8 per cent. for the best properties.

Although there have been indications of a stabilisation in the market in the last six months or so with the fall in interest rates, conditions still essentially favour the buyer with the result that it is very much more difficult to sell secondary properties of any kind.

This problem has faced certain British companies which have wanted not only to consolidate their existing interests but also to sell out in certain cases. The extent of this withdrawal should not be exaggerated—and appears to be on a smaller scale than in Paris, for example—but some companies have been keen to reduce their holdings, both because of pressure in the U.K. and because their acquisitions were financed by local short-term money in the Netherlands.

In an article earlier this year in *Het Financieele Dagblad*, Dr. C. van Zadelhoff, a leading local agent, pointed out that the speculative groups were the first to disappear from the scene, to be followed later by a number of medium-sized companies. However, he added that, "Although British transactions have been reversed and assets have been sold to a total of several hundred millions of guilders, the British presence on the Dutch commercial property market is still a relatively important factor."

There is unlikely though, to be a return to the hectic period of the early 1970s not only because British companies are now much more wary about overseas expansion, but also because Dutch leaders are likely to be much more stringent about advancing money to British companies, wanting guarantees from U.K. clearing banks as well as from the British parents. But the total British property involvement in the Netherlands is still probably about £200m.

One stimulus to continuing local investment activity is recent evidence of a revival in the office letting market over the last 12 months after a relatively weak and uncertain period during the previous two years. The Dutch real estate magazine *Vastgoedmarkt*, for example, estimated that overall office lettings in the country in 1974 were roughly 50 per cent. higher than in the previous year.

But total lettings were only about 300,000 square metres (3m. square feet last year), compared with a total of some 1m. square metres of office space either completed or under construction for letting purposes. And of particular interest for the investment market are the signs over the last few months, in particular, that rents also appear to be moving ahead in certain places.

Another important recent development on the Dutch property investment scene has been the increasing interest of some of the larger funds in buying buildings and projects overseas. This reflects a desire to spread portfolios internationally as well as possibly a realisation of the limited size of the Dutch property market. In any event, the Unilever, Shell and Philips pension funds have all been buying property outside the Netherlands, while both Blauwhoed and Westland-Amro-Pierson have also been operating abroad. It was also interesting last autumn that, quite independently, a number of leading Dutch investors and a group of British nationalised industry pension funds each started becoming active in the U.S., notably in the south-west. This illustrates the growing similarities in the outlook and development of the property investment markets across Europe.

Peter Riddell

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PLASTICS

Carbon fibre gives novel properties

FAMILIES of carbon-fibre reinforced thermoplastic resins using varying amounts of Grafil carbon fibre made by Courtaulds have been developed and are now marketed by James Ferguson and Sons.

Supplied in pellet form, containing fully pre-dispersed fibre, for processing on conventional injection moulding equipment, the initial Thermocomp-Grafil series is based on the high performance polymers nylon 6.6, polysulphone, polyphenylenesulphide, polycarbonate and thermoplastic polyester. Reinforcement levels range from 10 to 40 parts by weight.

These polymers, reinforced with combinations of carbon and glass fibre, are also available in a fully compounded form, as are speciality lubricated grades (PTFE). Additional polymer/fibre systems are in development.

Cost of the compounds — at £12/kg. and up—is still at the high end of the range for engineering thermoplastics, but, with growing demand, it is predicted that the price will be significantly reduced in the next two to three years.

Rigidity (flexural modulus) is more than twice that of an equal level glass-reinforced polymer. Rigidity/weight ratios are approximately three times that for glass reinforced polymers, combined with a 50 per cent. improvement in the strength to weight ratio.

Creep resistance is far greater than that of other forms of reinforced thermoplastics and wear resistance superior to oil-impregnated metal bearings is claimed.

Conductivity, both thermal and electrical, is quite different from that of other engineering thermoplastics, thermal conductivity being approximately twice that of comparable glass-reinforced formulations, while electrical conductivity, in terms of surface resistivity is considerably greater. The latter has already been shown to have a marked advantage in electro-mechanical components (for example, business machines), web guide (textile, paper and similar machines) and rotating equipment, where static charge dissipation is required.

As an example, calculations show that components designed for injection moulding in "Thermocomp" RC1008 (40 per cent. carbon fibre reinforced nylon 6.6) need be only 30 per cent. thicker in section for rigidity equal to that of aluminium and at that thickness will have four-five times the flexural strength of the metal, while the unit weight will be 33 per cent. lower.

James Ferguson and Sons, Lea Park Works, Prince George's Road, Herton Abbey, London SW19 (01-648 2283).

● MATERIALS

Cast basalt resists abrasion

PREVIOUSLY imported from Germany and Czechoslovakia, cast basalt is now being made in this country by Glass Ceramics, a/25/1, Princesway, Team Valley, Gateshead, NE11 OTU (0632 872706), which is producing a range of products in the material for applications where high resistance to the flow of abrasive materials is required.

For pipelining sections up to 500 mm long x 500 mm diameter and 25 or 30 mm thick are available. These liners are centrifugally spun, and cost about £300/ton. Typical applications would be in chemical processing plants where abrasive and corrosive slurries or powders have to be transported.

Tiles measuring 200 x 200mm and 25 mm. thick can be used for linings, for example in coke chutes — these cost £150/ton. Other applications are in power stations for removing ash and clinker, and in the processing lines of sand, gravel and cement works.

As an example of comparative wear the company quotes a coke chute of ½ inch thick manganese steel which had to be replaced after handling 300,000 tons of coke. Then the chute was made of 3 mm. thick mild steel and lined with 25 mm. thick basalt (at less than half the weight). The chute has so far handled more than ten times the tonnage. Special hard steel used for abrasion resistance costs over £600/ton.

The company says it can also cast special parts where components may be subjected to high abrasion: for example, the lower parts of hydro-cyclones used in the sand and gravel industry can be cast in one piece, with bolts and studs incorporated.

Protective coating

TO PROVIDE fire protection and acoustic insulation of the steelwork on offshore oil and gas rigs, a sprayable coating based on a mixture of vermiculite and Portland cement has been developed by Mandoval, Index House, St. George's Lane, Ascot Berks. (0990 25011)—an RTZ Group company.

Known as Marine Mandolite, the material was produced specifically to meet the requirements for a fire protection coating on the Mobil Beryl "A" Condeep production platform. Some 30,000 square metres of internal surfaces have been sprayed with a 25 mm thick coating, with 60 per cent. of the work being done at Arendal, Norway, and completion being carried out on site.

The company says the material is suitable for other marine applications and successfully complies with the conditions of the internationally recognised A60 one-hour bulkhead fire test for maritime safety. It is premixed, and requires only the addition of water.

● SOFTWARE

Modelling saves time and money

MORE AND more industries are finding it cheaper to model most situations by computer than to operate solely with test rigs. Such rigs may be necessary for calibration but they cannot test a behavioural design and with them measuring transient safety factors is difficult.

Computer studies of a design program can often cost one-tenth the equivalent test rig problem, yet British designers prefer their test rigs while foreign countries are prepared to try new concepts, according to LUCS (London University Computer Services) which is offering a series of simulation programs known as CHAM.

CHAM is the acronym of a company with the unlikely name of Concentration, Heat and Momentum Ltd. But it has made what LUCS says is a breakthrough in the understanding and computing of fluid and gas flow.

CHAM programs enable designers and engineers to gain real insight into the internal operations of their machines, or into the interaction of the machine and the environment.

The problems are similar in numerous areas: in designing the hull of a supertanker, the engine of a pneumatic riveter, building for fire effect minimisation, in controlling pollution in estuaries and in optimising jet engine design.

More sophisticated than other suites, all the complexities of real problems are covered. Boundary conditions, heat transfer, chemical reactions, viscosity, compression and turbulence are calculated for the most difficult areas. Turbulence is evaluated in a new way and all flows are modelled in three dimensions.

Currently the programmes are being used for combustor design and analysis for industrial furnaces and gas turbines; heat exchanger performance prediction; rocket and jet exhaust plume analysis; the effect of blast waves on structures and complex flow analysis in industrial processes including glass production, electrolytic smelters, and reactors among others.

Users form a long list of internationally known names including Westinghouse, Boeing, Rolls-Royce and Ishikawajima.

A director of CHAM is Professor D. B. Spalding, professor of heat transfer at Imperial College.

LUCS is at 39 Gordon Square, London, WC1 (01-387 4344). The company is now back in profit, and on its own feet again.

● AUTOMATION

Recorder reverses its role

ENGINEERS at the research centre of the British Steel Corporation, Motherwell, are using a Bryans X-Y recorder in a novel application to control tempering furnaces to predetermined heating and cooling cycles, in the process of stress-relieving steel samples.

The recorder is converted to its controlling role by the addition of a chart drive unit and photo electric curve follower. The plug-in curve follower module is substituted for one of the amplifier modules, while its light sensing head is mounted in place of the recorder pen.

Having decided on the temperature cycle required for a particular sample, the engineers draw the appropriate profile on the X-Y recorder chart, for the sensing head to follow. Output voltage level from the curve follower module is then set so as to be consistent with the change in output from the furnace thermocouple over the required temperature range. The furnace controller is also adjusted to give a temperature reference point.

As the process proceeds, a temperature comparator compares voltage levels from the thermocouple and the curve follower. The difference determines the operation of the furnace controller, and thus the predrawn temperature curve is followed precisely. A cold junction reference is inserted between comparator and thermocouple, to ensure that control remains constant over wide changes in ambient temperature.

British Steel Corporation have chosen to use this new control technique because of the ease with which the cycle can be set up or modified on the chart. The application is only one of many function generation jobs now beginning to be taken over by X-Y recorders with the curve follower accessory.

Bryans is at Willow Lane, Mitcham, Surrey CR4 4UL (01-648 5134).

● SAFETY

Aircraft guided on taxi-ways

ALTHOUGH EQUIPMENT for landing aircraft in very bad visibility has been widely described and used under controlled circumstances, systems for guiding the plane from the end of the runway to the passenger terminal are less familiar.

One of these has been developed by ITT Gilfillan in the U.S. and is undergoing feasibility testing under the sponsorship of Rome Air Development Center in New York.

Called Locar (localised cable radar), the system consists of a series of small low-power solid-state radars appropriately placed alongside the runway and taxi strips and interconnected by coaxial cables. Signals returned from aircraft or vehicles pass along the cables to control units and positions are displayed on a master map-indicator in the control tower.

Locar is expected to prove useful during poor weather and heavy traffic and in normal visibility could help controllers to assess positioning on the runways and taxiways. More from the company at 7821 Orion Avenue, P.O. box 7713, Van Nuys, California.

Papers to find water

WATER FINDER papers that detect the presence of water in fuel oils overcome disadvantages of paste methods.

All the user has to do is to fix the strip to any form of dipstick with an elastic band and dip the tank. On withdrawal the strip is wiped down and the presence and level of water is indicated by a colour change from dark brown to white. Even if the person doing the test is completely colour blind he cannot fail to detect the presence of water.

The product is available in paper and card strips and in varying lengths. They are currently used by airlines before refuelling and by a number of airforces throughout the world. Other purchasers use them when buying oil by tanker-load to estimate the level of water contamination in the ships' tanks, so they only have to pay for oil and not water.

Another important use is for dipping diesel lorry fuel tanks to detect the amount of water in a tank that has been caused by condensation. Users have found by regular testing in this way that they have greatly lessened the number of times the lorry has to be withdrawn from service because of damage to fuel injectors by water.

Test Papers, 9 Cranborne Estate, Cranborne Road, Potters Bar, Herts. EN6 3JN. Potters Bar 50295.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

This, the only equipment common to both the Apollo and Soyuz spacecraft, is a VHF ranging system which will aid in the docking manoeuvres between the two spacecraft later this month. It has been designed and built by RCA Government Communications and Automated Systems Division, Camden, N.J., U.S.

● DATA PROCESSING

Speeding business accounts

ALL PRODUCTION of the series L9000 business mini-computers announced last week by Burroughs Machines will be at the company's Cumbernauld factory in Scotland for world-wide markets, including North America. The company has already sold 12 of the new machines in the U.K.

The series gives a throughput up to twice that of the current "L" range and offers "instant maturity" of both systems and applications software. They are compatible with main-frame computers using Cobol, including IBM, Univac and ICL machines.

There are three models in the range: L9300 and L9400 accounting mini-computers and the L9500 magnetic record mini-computer.

The machines incorporate a number of time-saving factors including: 60 cps console printing, with bi-directional option (seeks optimum print start position on line); tape cassettes; reader/feeder/stacker (increases throughout up to 25 per cent.); and can use over 130 different programs in the company's Business Management Systems.

Large-scale integrated metal oxide silicon circuits are used for both logic and memory — memory is expandable to 64,000 bytes in 2,000 byte increments.

There is a versatile forms capacity, including stripe ledger. The L9300 has 15½-inches wide front-feed forms handler; the L9400 and L9500 have a 26-inches capacity.

Prices for basic models range from £9,000 to £15,000, while the leasing rate is £230/£1,000/month.

Burroughs Machines, Heathrow House, Bath Road, Cranford, Hounslow, Middlesex, TW5 9QL (01-759 6522).

Minis speed classifieds

GENERAL-PURPOSE minicomputers made by Texas Instruments are to be used in classified advertisement systems designed by Coltec Data Systems for two undisclosed newspapers in the south of England.

Equipment used by the newspaper personnel consists of the Texas 980B machine, a DRI series 40 magnetic disc store and the Linoscreen VDU terminal which provides full text editing facilities within its own logic. Linoscreen is now marketed by Linotype Paul.

The computer controls the operation of the complete system and enables classifieds to be assembled in random order with sorting, deletion and formatting before recording on magnetic disc. The disc unit, able to store some two million characters, can hold 8,000 advertisements plus programs. The VDU has a paper tape reader/punch connected on-line for input/output.

To update or correct an advert already on disc, the operator keys the classification, publication codes and the catch line on the advert, and requests a file search. The material appears on the screen in a few seconds.

Known as the 5000, the Coltec system is capable of real-time multi-terminal storage, updating and retrieval of news and display advertisement material as well as classifieds. Full justification and hyphenation typesetting programs are available, including vertical justification for semi-display and display adverts where this is not performed by the phototypesetting machines connected directly to the system.

Car spares controller

AVAILABILITY of a new motor parts stock control system for British Leyland Austin Morris distributors and dealers, "Blamparts," has been announced by Cambridge Computer Services at a time when many distributors and dealers are taking a close look at this particular area of their business in order to improve both liquidity and profits.

Developed in conjunction with one of the largest Austin Morris distributors in the country, Marshall (Cambridge), the first user, the system is available for use on a bureau service basis by any Austin/Morris distributor or dealer.

If required, terminal facilities can be provided to the computer centre at CCSL.

The joint developers of Blamparts claim that it is considerably more advanced than any alternative currently on the market.

CCSL, Jupiter House, Station Road, Cambridge (0223 66111).

● COMMUNICATIONS

Buoy can collect data

DEVELOPED BY Laboratoire Central de Telecommunications is the L55 buoy which can be used as a moored or drifting marine observation platform.

Wind speed and direction, buoy heading, air temperature and pressure, and water temperature near the surface can be measured by the buoy. Electronic equipment aboard includes a wind processor which receives data from an anemometer, a wind vane and a magnetic compass and delivers the mean value of the wind vector components averaged over 10 minutes.

Data is impressed on a radio carrier of 401.2 MHz, the batteries giving about five months of operation. The latest version of the buoy is designed for communication with the polar orbiting Nimbus F but can be adapted for use with other meteorological satellites such as Tiros N.

The transmission is a one second long message so that when the satellite is in view it receives several signal bursts enabling it to locate the buoy accurately using Doppler techniques. More from LCT at 18 Rue Grange Dame Rose, 7840 Velizy-Villacoublay, France.

Extendable intercom

AN ELECTRONIC exchange intended primarily for use with the Ericom 30001 office instrument is offered by Thorn Ericsson Telecommunications, Viking House, Foundry Way, Horsham, Sussex (0403 64166).

Starting with 18 extensions, the ASE 435 can be built up in steps of three to a maximum of 42 and only the requisite number of line cards need be purchased.

With up to three system speech channels for duplex operation, the equipment incorporates "all call" and four-group call facilities, priority for two predetermined extensions and automatic secretary transfer for four predetermined extensions. Maximum distance between exchange and station is 1400 m. Switching is entirely electronic and the equipment measures only 591 x 392 x 283 mm with a weight of 28 kg; it can be fixed to the wall and is silent.

The Ericom 30001 extension instrument is a keypad unit and is normally loudspeaking when on the desk: when lifted it becomes a normal telephone. The two priority instruments can, on dialling an engaged extension, transmit a "hurry up" tone to the conversing parties.

● POWER

Generators for civil engineering

MEETING THE requirements of contractors and civil engineers for on-site power is a range of packaged generator sets from Bowmaker (Plant) with outputs ranging from 30 kVA to 300 kVA. Other sizes can be designed and built to order.

Complete dust protection is offered by a weatherproof enclosure and the sets are capable of operating at ambient temperatures up to 110 degrees F with the access doors closed. The fuel tank is built into the skid base to reduce overall dimensions and at the same time create a lower centre of gravity. It is also easy to fill with minimum risk of spillage on to electrical components.

Manoeuvrability is simplified by the provision of a single lifting point protruding through the enclosure. Alternatively an optional on/off highway trailer is available.

The generators are of brushless design with automatic voltage regulation and equipment to ensure that paralleled units will share the load equally. Mechanical faults activate a fail-safe shut-down system based on the resulting high water temperature low oil pressure or low water level. Bowmaker (Plant), Watling Street, Cannock, Staffs. (05435 2551).

● RESEARCH

Miniature metal atomiser

UNIVERSITY College, Swansea, has placed an order with Davy-Loewy, Sheffield, (0742 49971), for a miniature metal atomiser to be used for research into powder metallurgy.

Capable of atomising up to 30 kg of metal at a time, the unit is only 1 metre high. It will be used to produce powders from a range of metals such as zinc, aluminium, copper, silver, gold, nickel, cobalt, iron and their alloys.

Known as the D5, it was designed using experience gained by the Davy International company when operating a range of larger atomisers developed as part of a research programme on powder metallurgy.

These larger units, capable of outputs up to 7 tonnes/hr. of metal powder, are an essential part of the company's system (developed from the original research) for the production of high-speed and tool steels by the process of water atomisation, cold isostatic pressing and hot extrusion.

● PROCESSES

Electrode drier

AN ELECTRODE drying oven has been added to the Starcrest range of welding accessories marketed by the gas equipment and workshop supplies business group of BOC.

Starcrest D501 high temperature process oven has been designed for the re-drying of low hydrogen electrodes. A built-in quality control, in the form of a paper chart recorder, gives the welding engineer a permanent record of the temperature achieved, proving that the electrodes have been re-dried to the necessary specification. The use of advanced insulating materials enables the oven to be powered from an ordinary 240 volt 13A socket.

BOC, Angel Road, Edmonton, London, N18. (01-803 1350).

Laser welds contacts

AN AUTOMATIC microcomputer controlled component assembly station, using laser welding, has been developed by Censor, Schloss-Strasse 5, FL-9490 Vaduz, Liechtenstein.

Initially the equipment is for welding silver electrical contacts to bimetal discs used in thermostats. The contact points are automatically positioned and the laser welds through the discs, so there is no damage to the contact surface. This ensures maximum switching life. Output is 1,800 discs/hour (3,600 contacts).

The machine can be readily modified to weld contacts to a variety of components, such as switches, relays, plug-in circuit boards, etc.

The laser method is said to have a number of advantages compared with spot welding: a higher strength weld is achieved; less energy is required; dissimilar metals can be joined; no change of electrode is necessary.

U.K. agent is Joseph Electronics 188 Stratford Road, Shirley, West Midlands B90 3AQ (021-745 3251).

● POLLUTION

Clean air power

UNTIL RECENTLY pollution from oil mist from compressed air powered systems has gone virtually unchecked and the high volume of air exhausted to atmosphere has created a health hazard.

CompAir Maxam, Camborne, Cornwall, which has been studying the problems of lubrication and the increasing demands in the food, textile, medical and electronic industries for unlubricated pneumatic components, is the first in the U.K. to offer complete unlubricated systems.

The new Maxam International (CETOP) cylinder can be supplied with a coated bore which makes lubrication unnecessary. To operate the cylinders Maxam has introduced the Concordia range of seal-less valves. Operating on the air bearing principle without any dynamic "O" rings this valve can perform over 10m. operations without lubrication.

Co-ordinating all the logic function necessary in a pneumatic system, Maxam has the Pneumadi range of moving part logic elements that operate from a normal workshop air line pressure of 6 bar with or without lubrication. Completing the system there is a comprehensive range of non-contact sensors.

CompAir Maxam has spent two years in producing input devices, logic, power valves and cylinders—all operating without lubrication.

The Executive's World

EDITED BY JAMES ENSOR

Ken Gooding reports on an unusual turn around

It was managed to death

Mr. Geoffrey Rose, chairman of Central Wagon.

MR. Geoffrey Rose is a management consultant who went in to advise a company and stayed on to become chairman. He recalls: "I joined initially on a short-term assignment aimed at bringing the company back to health and sanity because it was in a very poor financial state. It did not turn out like that though because I found it provided a superb case study of how a company should not be run. I wanted to stay on and show it could also be a superb case study of how a company could be turned round."

The company, Central Wagon, has interests in steel processing and stockholding and general engineering, including a little of its original business—the repair of railway wagons.

In 1972, when he moved in, Central was suffering, in Mr. Rose's words, "from management overkill—it was being managed to death." All decisions had to be made by the main Board and the central corporate staff so "decisions were not taken by the people who really knew what was going on."

The information systems used by the centre did not take in the information used by the managers to run the operating companies. So two lots of information were being prepared by the operating companies—that required to run their business and that required by the main Board to make its decisions.

Deficit

As a result in 1972 Central made a loss of £420,000, taking the total deficit to £1.35m. The following year, after Rose had moved in, although sales were up only £700,000 to just over £17m., Central was back to a £1m. taxable profit. Last year profits doubled to £2m. on sales of £28m.

One of Central's previous problems was that it happened to be the Board's diversification plans which had gone wrong and, points out Rose, "that was why there was so much reluctance to quit these operations. So the company was spending more and more on loss makers instead of going for the profitable operations.

"I see no rationale in running a business which loses money. That is a pointless exercise. It may sound harsh but it is entirely logical. If there is no future for the product you are making then the decision to close down its production must be a quick one.

"If it is just that external market forces are affecting its performance, then you must look at the life cycle for the product and see if you should stay with it."

As an example, Mr. Rose says that the Heatstore central heating storage heaters business into which Central had diversified would have needed to capture 60 per cent. of its particular market to make any profits. So Heatstore, along with another diversification into the manufacture of truck trailers, was sold off.

"One of the problems of running a business in the private sector of industry is that you must sometimes take these unpalatable decisions. There was no way the company could have survived without that action being taken," says Mr. Rose. But he maintains his real task at first was "to change people's thinking and morale. The task was to give the managers back their businesses to run within certain guidelines, to reduce head office interference."

Now the head office is there "to make sure that the managers have sufficient working capital to run their businesses; to provide a shoulder to cry on and to do the forward planning—to decide where the company is going."

Although trained in accountancy and economics, Mr. Rose's key interest was international marketing. He got into management consultancy in the 1950s, "when nobody worried much about what was going on overseas," to research many industries in countries throughout the world. Then 14 years ago he was asked by a group of Americans interested in developing new management techniques in the U.K. to build up an international consultancy operation. It was one where the consultant would physically go in and sort out a company. In 1972 Mr. Philip Fine, a personal friend and former chairman of Central, asked him to "come in and sort out Central Wagon."

Mr. Rose insists he does not like sitting behind a desk. He prefers to "get out where the action is, to go out to the subsidiaries and ask them what is doing and how they are getting on. I think it is right to talk to the managers on a regular basis. Then they know you care, and I do care. I could sit at my desk and ask for more reports as well as the regular weekly reports. But reports are only the basis for discussion. I feel the onus is on me to go out and talk to the managers about them."

Central is left with two main divisions: steel stockholding and hydraulics. Mr. Rose maintains that, although steel stockholding is a cyclical business, "you can grow by extending the range of products and by getting into different markets for steel." Industrial hydraulics and high pressure hydraulics, for oil rigs for instance—"is a growing business." The manufacture of hydraulic jacks for vehicles "is holding up quite well because they are cheap items."

However, the prospects for the transport and servicing equipment business are "patchy" and the kerb and trolley jack company is having a hard time because "garages do not replace equipment very often. So we really have to fight hard in parts of our operations but others are developing nicely."

In keeping with his previous experience, Mr. Rose has been looking round the world for opportunities for Central. And the group's main expansion programme in 1975 will be in Spain. He has put together a deal with a Spanish group, Dragodos y Construcciones (turnover last year £260m.) aimed at putting Central "in the first division of suppliers to the international energy world." It will involve the large scale development and production of heavy wall tubular and line pipe used by the oil and gas industries at a large Almeria Harbour site in Southern Spain. Central is providing technical expertise and specialised plant through its subsidiary R. G. Brown (Off Shore). Dragados is responsible for the working capital, buildings and labour force.

Mr. Rose is convinced that the venture could eventually generate another £1m. of profit for Central. He believes Southern Spain is a good strategic area to be making the pipe because "we can compete more effectively in both the Middle East and North Sea markets." Production should be beyond the plant running-in stage by the third quarter of 1975 and "earnings are expected to exceed all installation costs during that period."

R. G. Brown (Off Shore) was set up to take care of spin-off opportunities from Central's pipe fabrication business. This could involve the manufacture of pressure vessels and other items for the oil industry as well as stainless steel products.

Mr. Rose maintains he has "all sorts of irons in the fire for international expansion and to develop existing businesses. They must all make some logic and tie in without existing operations though. He adds, "There are such tremendous growth possibilities in this company that it will take at least another ten years for me to reach my boredom threshold and think about leaving."

THE AMERICAN APPROACH TO CRISIS

Flash reports and task squads

Mr. David J. Mahoney, chief executive of Norton Simon.

RUNNING A diversified group of companies is a bit like being a juggler. It makes no difference that your group is split up into different sectors of the economy, drop one ball and you're likely to drop the lot.

It's a lesson that companies like New York-based Norton Simon (NSI) are scarcely likely to forget. Last year, through no fault of its own, one of the balls did seem to be slipping from the corporate grasp and it was only the group's pre-prepared "action plan" that staved off panic and an eventual fumble.

Everyone has read the chilling tales of the last 12 months of $50,000-a-year marketing men turned cab drivers and once high-powered executives feeding the family on Social Security as the Dow lurched toward the floor. Where in Britain industry greets recession with stoicism and even a regrettable insouciance, the Americans react in two distinct ways.

Not so laudibly, they lay-off and chop heads in a way that suggests they cannot even spell job security. On the credit side, and it is a very big plus, they react positively with recession-beating programmes at corporate level. Turning over sales of $2bn., Norton Simon is obviously well up among the top U.S. companies in management skills, but is nonetheless a fair example of an American approach.

System

"You need a system before the crisis comes," recalls Orhan Sadik Khan, NSI's senior vice president in charge of corporate planning. Perhaps to British eyes the system in question is overly dramatic and at times brutal. Certainly the Norton Simon system of "flash reports" and "task squads" drawn up by Sadik Khan and NSI's forceful Chief Executive David J. Mahoney would make great grist for writers like Jerry della Femina, who so ably sent up Madison Avenue in "From those wonderful guys who brought you Pearl Harbor."

Potentially funny or not, Norton Simon's task squads meant business. Manned by top talent from Norton Simon's relatively minute head office staff of 80 people, the squads are invested with sweeping powers to investigate and rectify trouble in a subsidiary company.

The squads are alerted by an elaborately expensive computerised system of industry-by-industry sector analysis installed at NSI's Park Avenue HQ, with group subsidiaries' progress then checked against the norm. David Mahoney's sprawling empire, ranging from liquor to foods and cosmetics to publishing and soft drinks, is allowed a remarkable degree of management autonomy providing the figures are right.

Since Mahoney, whose own story is that of an almost stereotype Irish-American rags-to-riches climb to the top of Canada Dry from a junior advertising job, took control of Norton Simon in 1968 he has added Max Factor, Bass Charrington Vintners U.S. and the Halston fashion house to a group that already included Hunt-Wesson foods, McCalls and Canada Dry to name but the internationally known. However, last year Mahoney's previous track record of a steady 30 per cent. growth every year in both sales and earnings took a savage dip. Sales edged up a mere 11 per cent. and earnings actually dropped by 7 per cent.

Clearly the figures were far from "right." But in times of recession, emphasises Orhan Sadik Khan, the name of the game is not so much growth as market share. Especially in a group whose livelihood depends on consumer products that once banished from a retailer's prime shelf space would have a long, costly climb back.

It was McCalls Patterns that last year set the warning bells ringing when Sadik Khan's progress checking organisation discovered that although the subsidiary was managing to maintain steady growth on both sales and profits it was in fact losing market share to its competitors.

In retrospect, given the effect on American household economies of the recession, it seems scarcely surprising that home patterns should be one of the few areas to get a boost. In any event, a task force swept into McCalls and ruthlessly "reorganised" its management. The suspicion remains that it was as much a firing squad as a task force—and Orhan Sadik Khan admits to a few "early redundancies"—but the books currently show McCalls elbowing its rivals aside to gain a larger market share and chalking up 30 per cent. increases in both sales and earnings.

As the recession screw tightened progressively, the task squads did not even wait for flash reports signalling trouble, but were sent out to look at cost-cutting possibilities within the subsidiaries. To date, the economies campaign that started last autumn is reckoned to have saved $5m., and typical Mahoney style the hunters have become the hunted as he has set them a target of slicing an annual $15m.-$20m. off group costs.

Not all the task force alarms have been generated by trouble in the U.S. economy. Although by international standards Norton Simon is something of a stay-at-home, the European sales of its Max Factor subsidiary, acquired in 1972, began to take a beating when Britain's three-day week hit the company's large U.K. factory. Without waiting for the NSI computer to print out a formal flash report, a task squad flew in to help back up local management. Orhan Sadik-Khan smilingly concedes they may have helped Max Factor but came up with no panacea for the overall problems of the British economy.

The major test of NSI's firm conviction that basic tenets such as market shares must at all costs be maintained has in fact been beyond the ambit of any task squad, but does illustrate the American group's determined approach of facing out trouble whatever the cost. 4KA

Nightmare

Hunt-Wesson, the NSI subsidiary that is one of America's top two in cooking oils and tomato-based products like sauce and paste, at one stage last year began to lose money at the rate of $1m. a week. In all, Federal price controls fixing the retail price of oil when raw material costs soared by 40 per cent. cost Norton Simon as much as $18m. during a nightmare three month period. Working on the basis that market share and retailer loyalty remain the vital factors, NSI gritted its teeth and refused to retrench its Hunt-Wesson operations.

Perhaps concerned by having too many eggs in the American basket—for Sadik-Khan concedes they were both clever and lucky to weather the economic storm—Norton Simon is beginning to search abroad for fresh market potential. Recently back from a lightning, Kissinger-style tour of the OPEC member countries with David Mahoney, Orhan Sadik-Khan explains the NSI thinking on new markets with customary theatrical punch: "The longer the lead time on a product the sooner you should get started—but the shorter the lead time, also the sooner you should get started."

PAMELA READHEAD

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Health and safety at work

I am employed by a firm of accountants and frequently visit clients to carry out my work. In the light of the Health and Safety at Work Act 1974, if I was injured in an accident at a client's place of business, what would be my legal position?

The requirements of Sections 2 to 7 of the Health and Safety at Work Act 1974 do not give rise to a cause of action in civil proceedings—see Section 47 (1) of that Act. We think that any claim which you might have arising out of an accident such as you envisage would have to be determined under the general law, that is your claim would have to be established against the client you were visiting and would not be against your employers.

From partnership to company

We are a private partnership with a turnover in our last financial year of £300,000 and a net profit before tax of about £45,000. Our sales are rising, our finances sound, we have a large stock and are buying our premises. Do you think we should do better taxwise by becoming a company?

It is not possible for us to help you in detail on a matter of this complexity within the scope of a short reply. Your own accountant will be best placed to advise you from his knowledge of your tax position generally, including the prospective consequences of a claim for stock relief under schedule 9 to the current Finance (No. 2) Bill.

It is perhaps best to approach the question by first considering whether you would choose to transfer the partnership's trade to a limited liability company for ordinary commercial reasons, if the taxation consequences were entirely neutral. You will no doubt bear in mind that the Government proposes to introduce a Companies Bill (in the next session, probably) which may make fundamental changes to corporate status.

Your accountant will be able to explain briefly the current tax legislation relating to close companies and the capital gains consequences, including the effective double tax charge ultimately on gains realised on capital assets held through private companies.

Rights of a leaseholder

I own a ground rent in London and the lease expires in September, 1976. I am aware that the lessee can claim a new lease. What are my rights regarding dilapidations and what will be the terms of the new lease?

Your rights, and those of the tenant, will be governed by the Leasehold Reform Act 1967 and/or the Landlord and Tenant Act, 1954 Part I. Under the former the tenant may be able to require you to sell him the freehold reversion. Under the latter act the tenancy automatically continues until you serve a notice to terminate. If you serve a notice the tenant may elect to retain possession, whereupon a statutory tenancy will be granted on terms agreed between you or settled by the County Court, which may include the tenant's having to carry out specified repairs. The rent will then be a fair rent (i.e. rack rent) as under the Rent Act 1968.

Repayment of loan and tax

A director of a private "close" company owning a majority of the shares has injected loan capital into the company. I understand that if this loan capital, or any part of it were to be repaid to the director, that Inland Revenue would regard this as income in the hands of the director and that sum would be taxed accordingly. I assume that this applies in the case where the company has made a profit in the year concerned, and is therefore in the position to repay the loan capital from the net profits retained. What, however, is the position if the company does not make a profit, but is able to repay the loan as a result of obtaining overdraft facilities from its bank?

The provision which you have in mind is probably paragraph 12(1) (a) of schedule 16 to the Finance Act 1972, which relates to the determination of the amount (if any) of a close trading company's income which should be apportioned to the shareholders, etc., and taxed as though it had been distributed to them as a dividend, broadly speaking. The gist of the provision is that "there shall be regarded as income available for distribution . . . any sum . . . applied . . . out of the income of the company . . . in . . . repayment of any . . . debt . . . incurred in or towards payment for . . . (the) business, undertaking or property (which the company was formed to acquire or which was the first business, undertaking or property of a substantial character in fact acquired by the company)."

If there is no income liable to apportionment, then the repayment of a first-business loan will not normally give rise to an income tax charge, but no such repayment should be made without seeking the advice of the company's accountants well in advance, as close company legislation is beset with pitfalls.

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Political pay restraint

WHEN the Chancellor announced last week that either a voluntary or a statutory limit would have to be set on pay increases during the coming "round," he spoke of an overall proportionate increase of 10 per cent. He was thinking on that occasion, no doubt, not so much about the effect of the limit on particular workers or groups of workers as about the size of the increase in the national bill for wages and salaries which, in the opinion of his advisers, was compatible with his aim of reducing inflation to a rate of 10 per cent. over the next 12 months. But the TUC, in which Mr. Jack Jones had already been preaching the advantages of a limited, flat-rate pay increase for everyone during the next 12 months, at once wanted this 10 per cent. figure translated into an actual cash sum: and the £6 since agreed appears to be a compromise between the figure originally suggested by Mr. Jones and that subsequently calculated by the Treasury.

The agreed equivalence of 10 per cent. and £6 still left it open for the Government and the TUC to argue whether either of these alternatives or a combination of them was best suited to the circumstances.

Levelling out

The overriding advantage of the £6 limit to those who advocate it is simply that it allows less opportunity for dispute or evasion: and that, for a temporary period of restraint designed to deal with a particularly acute national problem, is not an advantage to be shrugged off casually. But there was a good deal of feeling inside the TUC, even before Mr. Healey made his announcement, about the idea of a flat-rate increase, which would obviously help the low-paid more than the better-paid union members and so erode differentials further.

It seems natural in a period of national difficulty to call for equality of sacrifice, and clearly some individuals are better placed to forgo pay increases than others. But if we are talking about earned incomes—leaving aside the question of accumulated wealth, which affects only a small part of the population—it is far from easy to lay down any hard and fast criterion to determine who can and who cannot afford to forgo an increase: almost as much depends on particular family circumstances (number and age of children, for example, and mortgage liabilities) as on gross pay. Leaving these aside in turn and sticking to income groups, the extent to which those with incomes above, say, £6,000 a year have been squeezed over the past few years by a combination of pay restraint (which always tends to favour the lower-paid) and progressive taxation is widely under-estimated, except by those concerned.

Long term demand

A maximum percentage increase in each firm's wage bill would leave scope for negotiation and market forces to make themselves felt, even during a period of restraint. If the Government and the TUC between them decide that a flat-rate limit of £6 is preferable, they should be kept aware that this is a political gesture, that the steady erosion of differentials between different classes of workers is bound to cause increasing resentment, and that market forces are likely to reassert themselves with some violence as soon as artificial restraints are removed. Even if pay restraint succeeds in keeping down the level of unemployment in the short run, that is, it is likely in its present form to worsen the relative position of unskilled and low-paid workers in the long run. The fact that the militant motion proposed by the Yorkshire miners was toned down yesterday at the last moment, which must have come as a considerable relief to the Government, may itself be partly due not only to a reluctance on the part of a majority of miners to be out of step with the rest of organised labour but to a recognition of the fact that the miners, too, have to pay some regard to the long-term demand for their product.

Difficult progress on Rhodesia

THE MEETING which has just ended in Dar es Salaam between three African Presidents and Rhodesian African leaders was probably the most important event in southern Africa since the whole détente exercise was launched last December. A negotiated settlement to Rhodesia was the main aim of that exercise but the last six months had seen precious little progress towards its achievement.

Despite South African pressures — Mr. Smith seemed as intransigently opposed as ever to black rule, while for their part the Rhodesian Africans, signally failing to heed the blandishments of the Presidents of Tanzania, Zambia and Botswana, had allowed their united front under the African National Council to virtually fall apart.

Shattered unity

The point of the Dar es Salaam meeting was to mend the ANC's shattered unity and to propel it into adopting a common stand to present to Mr. Smith at a constitutional conference. In this way it was hoped—by the British Government among others—that the momentum lost over the past few months could be regained and a conference got under way.

Unhappily, the meeting in the Tanzanian capital appears to have been inconclusive. Though full details have yet to become public, it appears that the ANC has no more than papered over the very large cracks in its structure and that while Bishop Abel Muzorewa, whose leadership had been roundly criticised by the former ZAPU leader, Joshua Nkomo, is to remain President, Mr. Nkomo and his rival for power, the Rev. Ndabaningi Sithole, have not been able to reach a real understanding on either strategy or tactics for the coming months.

In these circumstances, the tough three sentence communiqué issued by the nationalists to the effect that they will "intensify the liberation struggle" may not mean very much. The ANC's divisions exist not only among its politicians but reach deep down into the guerilla forces and though the number of recruits being trained for the armed struggle is undoubtedly increasing, it may well be some time before they present a credible threat to Mr. Smith.

But the apparent failure of the Tanzanian meeting can only arouse despondency in those committed to a peaceful settlement in Rhodesia. In the face of Mr. Smith's intransigence, ANC unity is essential if the British plan to chair a constitutional conference within the next couple of months is to work. The next stage of that plan, following Mr. David Ennals' recent visit to Southern Africa, is awaiting the outcome of Dar es Salaam, but though in its communique the ANC put the onus for calling a conference on Britain and on Mr. Smith, the prospect of meaningful talks looks as unlikely as ever.

The dangers

Hopes of a peaceful settlement must still reside principally in the pressures which can still be brought to bear on the two sides in Rhodesia by the originators of "détente." The African Presidents and, for his own reasons, South Africa's Mr. Vorster, remain as aware as ever of the dangers of stepping up the armed struggle. Mozambique's President Samora Machel, whose country is barely two weeks old, and who has committed himself to eventual sanctions against Rhodesia, has more reason than any to want peace. It may be that despite the apparently discouraging news from Dar es Salaam these pressures will in the end make a conference possible. But against the history of the past ten years, and with the failures of the past six months, there can be no doubt that the odds are heavily stacked against a constitutional settlement in Rhodesia.

Argentina: twisted strands in Peronism's crisis

By HUGH O'SHAUGHNESSY, Latin America Correspondent

WITH the premature ending last night of the official 48-hour general strike in Argentina called by the CGT trade union confederation, President Maria Estela "Isabelita" Perón has won a moment's respite in the political storm that for months has been surrounding her.

She has won it at the cost of agreeing to the massive new wage rises that she had been trying to veto and almost certainly dismissing some of her key ministers. Though she now has time to catch her breath few observers think that Argentina's political and economic crisis is over.

The CGT, which General Perón used to call the "vertebral column" of Peronism, is in open revolt. Congress is going against her wishes by voting to elect a new president of the Senate (who would take over the presidency were she to relinquish it). The armed forces, conscious of a growing threat from guerillas who control small areas of the country and have been able to obtain $60m. in one kidnapping coup, are restive, though they are doing their best not to show it. The Roman Catholic Church is wary and distrustful of the schismatic church that her right-hand man, Sr. José López Rega, the Minister of Social Welfare, has been patronising. Meanwhile the news on the economic front is becoming even worse as the balance of trade falls deeper in the red and inflation climbs towards Chilean levels. Peronism itself threatens to fall apart.

Sr. José López Rega (left), Minister of Social Welfare, has built himself into the most powerful man in the country, almost constantly at the side of President María Estela "Isabelita" Perón (right) on her public appearances. Few doubt the magnitude of his influence in private on her policies.

Unstoppable force

In its time, Peronism was an unstoppable force, the creation of the extremely forceful personality of one man. As a young colonel Juan Perón had served as military attaché in Rome, where he acquired an admiration for Benito Mussolini. He had his first taste of power as Labour Secretary in 1944 in a military government. Setting himself up as the paternalistic champion of the Argentine working class and the smaller businessmen and the architect of a period of Argentine greatness which would make the country feared among the nations, he won the 1945 elections and held on to power till toppled by a conservative military coup in 1955. The largesse that he and his glittering wife, Evita, distributed during his first period of power was sufficient to maintain his legend during a period of conservative rule till he returned from exile triumphantly in 1973.

To-day it is the economic strains that Argentina is suffering, which lie behind the failure of his successor to carry the legend on. With the shine off the commodity boom, Argentina's earnings from its principal exports, food grains and beef, have virtually stagnated. The problems have been greatly exacerbated by the action of the European Community, wrestling with its own beef mountain, in turning away Argentine beef. The import bill, however, has shot up as a result of rapid world inflation. Thus the latest Bank of London and South America monthly review puts exports in the first three months of 1975 at $738m., against $709m. for the same period last year. Imports in January-March this year, by contrast, amounted to $1bn., almost double the $536m. of 12 months before, giving a deficit of $263m. in the first quarter of 1975, against a surplus of $173m. in the same period last year.

To this trade deficit must be added the cost of servicing an increasingly burdensome foreign debt, which now stands at around $10bn. The result of these twin calls on Argentina's external credit has been a steep decline in the country's reserves, now estimated at around $800m., as Government spending has raced far ahead of its receipts.

The strain on the peso was behind the dramatic economic moves taken last month. The former Economy Minister, Sr. Alfredo Gómez Morales, a veteran Peronist who served beside General Perón in his first period of office from 1945-1955, was replaced by a younger man, Sr. Celestino Rodrigo. He decreed a drastic devaluation of the peso in a bid to reduce imports, provide new incentives for exporters, and dam the river of gold and foreign currency which was flowing out of Buenos Aires.

The devaluation was accompanied by a big increase in petrol prices and, consequently, public transport and energy charges. Though Argentina is nearly self-sufficient in oil, production has been falling slightly —in the first quarter of 1975 it went down by 3.5 per cent.— and YPF, the State exploration and production monopoly, has so far been unable to bring any big new finds into production. The petrol price rise was accompanied by the lifting of price controls on a big range of goods, including cheaper cuts of meat, bread, milk, rice, sugar, fish, and cigarettes.

These price rises had an obvious impact on the rate of inflation. From about 60-70 per cent. a year, it is now roaring away unchecked. The cost of living rose by 35 per cent. in the course of last month alone. It was little surprise, therefore, that the CGT rushed to conclude big new wage deals. Before the month-end deadline on bargaining the unions had signed agreements with the employers giving increases of, with fringe benefits and allowances taken into account, just about 100 per cent.

The confrontation which has led to this week's general strike came when the President, supported by her minsters Sr. López Rega and Sr. Rodrigo, decreed a ceiling of 50 per cent. on immediate wage rises and 15 per cent. increases next October and in January, 1976. The Labour Minister, Sr. Ricardo Otero, disagreed and left the Cabinet to be replaced by Sr. Cecilio Conditti.

The economic crisis, which had little to do with personalities, was made all the more serious by a political emergency which is seen by most Argentines in very personal terms indeed. Since the death of her husband, when she inherited the herculean task of keeping together the disparate and warring elements in the Peronist movement, President Perón has been relying heavily on the advice and moral support of Sr. José López Rega. He has built himself into the most powerful man in the country, making his social welfare portfolio into a super-ministry — "the People's Ministry" as the hoardings constantly proclaim.

His daughter is married to Sr. Raúl Lastiri, the president of the Chamber of Deputies, thus making the present successor to the Presidency his son-in-law.

The President has appeared at few public events in the past year without Sr. Lopez Rega at her side to aid her with protocol and few doubt the magnitude of his influence in private on her lines of policy. This close identification of the President and the Minister has caused jealousies and resentments. The CGT leadership, made up of tough union politicians, masters of the massive funds that flow into the union coffers every month from the deduction of union dues from pay packets and from levies on employers, are among Sr. Lopez Rega's principal opponents. They see him occupying a position that they feel should fall to them as of right in any Peronist government.

The army distrusts his background as a policeman and suspects him of trying to exalt the police over the regular forces. The Church is unhappy with Sr. Lopez Rega's long experience of the occult and was enraged when he collected a congregation of slum children for a Mass celebrated at Christmas by his Orthodox Catholic Church of America, a schismatic body founded with the aid of a renegade Catholic bishop from Brazil.

The Left regards him as the architect of the swing to the Right of the Peronist movement and constantly mentions his name in the context of the para-military death squads which have lashed back at the guerillas by killing Left-wing activists and advising others to emigrate on pain of death.

The President apparently has found him too valuable to be dismissed and has preferred the unpopularity of maintaining him to the loneliness of doing without him.

Hitherto the situation has been maintained by the fact that, however unsatisfactory the existing situation was deemed to be, no group in the country was willing to make a bid for power on its own account. The Radical Party, the principal parliamentary opposition, desperately wants the President to stay in the Casa Rosada until the next General Elections when it feels it could come to power simply and legitimately by the straightforward route of gaining more votes than its rivals.

The armed forces, which seized power in 1966 and returned it to a civilian government in 1973, are unwilling to reassume the government lightly and suffer once again the headaches that it entails. The CGT leadership knows that it cannot run the country on its own even if the presidential sash and baton were handed to it.

Whatever the dénouement of the present crisis it is clear that Argentina will have to go through a period of profound readjustment which must follow in the wake of the splitting up of the Peronist movement.

When Perón came to power in 1945 he inherited a country whose coffers were brimming over with money Argentina had made by selling food to the beligerents of the Second World War. The fat that Argentina had accumulated was expended during his ten years in office, on reinforcing the country's industrial base and rewarding the work force more liberally, particularly in the industrial sector.

It was the General's good fortune that Argentina was passing through another period of prosperity when he returned in 1973, a period which lasted till his death last year. He was thus able to repeat the liberality of his 1945-1955 period.

It has been his widow's ill luck that her period of office has coincided with less affluent times and greater inflationary pressures. These have increased greatly her political difficulties and strengthened the centrifugal forces in the Peronist movement.

Without the larger-than-life personality of the late General to will the country in the direction he wanted it to go Argentines will have to set about working out their own salvation. The debate among bankers and industrialists, Peronist guerillas, Marxist guerillas, farm workers and factory workers, union leaders and generals is likely to be a long and agonised one. It could also involve more bloodshed.

Extraordinary history

It is tempting to draw universal conclusions from the particular recent experience of Argentina, but the temptation should be resisted strongly. Argentina's history has been an extraordinary one which has set the country apart from the rest of Latin America, and there are those who argue, with some reason, that the present problems would not have come about had not the massive and sudden migration of millions of Southern Europeans to Argentina in the last years of the nineteenth century brought about a social revolution with which the country has yet to come to terms.

But the present Argentine experience does yield two particular lessons. The first might be caricatured by saying that Sir Christopher Soames was in large measure responsible for the unrest in Buenos Aires—that is to say, that the European Community's restrictions on beef purchases have had political effects in the countries which have suffered from the ban.

The other lesson is that anyone, like Peron, who establishes himself as the sole arbiter of the destinies of a nation and persuades or obliges others to accept him as such, runs the risk of bringing chaos to the generation which succeeds him.

MEN AND MATTERS

Brokers' lively wrangles

"Instead of the change being thoroughly investigated from the beginning, the LOA is steamrolling it through, causing a public split which won't do anyone in the industry any good," says Tony Lockwood. His is not a famous name in the insurance world, but as boss of a broking company called Lockwood Brooks, based in Godalming, he is one of those determined to change the minds of the big life companies over the next fortnight.

The row has been smouldering for two and a half years, since work on a new commission structure started. It has now broken out in the open because the brokers who dislike the life companies' plans, having got nowhere with their objections so far, know time for their protest runs out on July 28 when the Life Offices Association will decide the matter finally.

The Life Assurance Brokers' Association, of which Lockwood is secretary, was formed earlier this year specifically to contest the commission changes. The 35 member companies are, says Lockwood, responsible for £250m. in sums assured a year. But the heavyweight brokers still belong to the Corporation of Insurance Brokers, which apparently accepts the LOA proposals, or again the Association of Insurance Brokers or the Federation of Insurance Brokers, which also acquiesce. Just to further illustrate the problem of getting brokers to agree, the objecting Life Assurance Brokers' Association will not have anything to do with the also objecting Corporation of Mortgage and Finance Brokers, which claims 500 members.

Everybody concerned says, at least publicly, that they agree to commission loopholes, which have encouraged irresponsible selling, being closed. But a switch to premium-based commission, against sums assured commission, will penalise protection plan or mortgage endowment selling as against, for instance, pension schemes or short-term with-profit policies.

At least that is how Lockwood and his fellow protestors, who claim the support of some LOA members, see it, saying the result will be the end of some high street brokers and direct-selling teams which rely mainly on life assurance sales. Whether or not this plea moves the life offices, who have been split on the maximum commission charge subject before when Equity and Law quit the LOA, the customers will still pay the same total amount in commission. What might change is the rather high total of insurance brokers trade associations.

Computaclimb

Ian McNaught Davies, president of the Mountaineering Club, is in the Himalayas at the moment, about to tackle a 20,000 foot peak reckoned more tricky to scale than Everest. In these sophisticated climbing days, Davies has done without computer help. And that is ironic, because his friend Chris Bonington, star of TV and many a daunting expedition, has used a computer, laid on by Davies's company, to work out logistics problems for his own next ascent of Everest's south-west face, planned for the autumn.

Bonington did think of using a computer last time he went up Everest, in 1972, but all preparations then had to be rushed through in a couple of months. So far, assisted by Stephen Taylor, who programmed one of the three computers owned by Comshare, Davies's London time-sharing business, Bonington has had two sessions of feeding in Everest questions, and one more is planned.

There are, reports Taylor, two basic problems: where to put camps and how to maintain supply lines. He thinks it is the first time a computer has been used in such a fashion to save masses of "tedious calculations" vital with Bonington's climb involving 70 men, ten tons of supplies and seven camps.

Jolly

EEC wooing of the isolationists continues. Engineering union leaders, who for several years roundly attacked the Market, have now accepted the referendum decision and, sure enough, an invitation has come from Brussels to show them round. This has been accepted in strength. The entire seven-man executive of the AUEW's engineering section, plus president Hugh Scanlon, will be on a week-end trip in October.

Taking Rolls East

Where is the best jumping-off point to sell British cars to the Far East and Australia? For a couple of years, since it set up a separate international division, Rolls-Royce Motors has depended on its Los Angeles office. By the end of this year, 52-year-old John Craig will be installed as a head of a new operation to cover that part of the world, based in Vancouver.

Craig, at present marketing director for the group in homely Crewe, reckons that a Canadian location will be an important reassurance to trade buyers, who like to identify strongly with Britain when they think about Rolls. The Japanese tend to look askance at U.S.-based operations; Tokyo may look a sensible geographical centre for Craig, but he doubts whether the Australians would be keen on that.

Last year, Pacific area sales rose 44 per cent. (the territory to be covered by the new Vancouver branch, including Canada itself, was responsible for some 800 cars), compared with an 18 per cent. gain in the U.S. and a hefty, understandable 139 per cent. rise in Middle East demand.

Craig, charged now with realising new export opportunities, started his working life with Rolls-Royce tank engines in 1941. He had a short spell with the motor car side before joining the old MG Car company. He returned to Rolls-Royce 20 years ago.

His place as marketing director has been taken by John Carpenter, 49, one of the first leading executives not required in the Ryder-look British Leyland to be announced in a new job. He joined Rover as sales director when Leyland took over Standard Triumph at Coventry, its first car manufacturing acquisition. Leyland added Rover itself in 1967, and Carpenter has been marketing director of BL's Rover Triumph division.

But it helps

The House of Commons rose at 4.45 yesterday morning. Richard Kelley, Member for Don Valley, wearily recalled advice given when he first arrived at Westminster by S. O. Davies, who had first been elected in 1934. Do you always stay to the end, asked the eager Kelley. "You don't have to be a lunatic to work in a madhouse," replied Davies.

Observer

Public expenditure: continuing our series on possible cuts, **Michael Donne** looks at the scope for further reducing spending on defence

Little room for more defence economy

THROUGHOUT the post-war period, defence has always been one of the first targets for cuts in spending. This pattern has been followed over the past year by the Labour Government, in its Defence Review, culminating in the decision to cut £4.7bn. from defence spending during the next ten years, together with an additional £110m., which is coming off the 1976-77 budget (bringing cuts in that year alone to £380m.). The current year's defence budget amounts to £4.55bn., or about 5¾ per cent. of the GNP. The aim is to get it down to 4½ per cent. by the end of this decade and the early 1980s.

Duty

The Chiefs of Staff, whose *primary duty it is to ensure* that the country gets an adequate defence posture within the political and financial contraints laid down by the Government, went along with the Defence Review on the understanding that *this would* be the limit of what they would have to accept. They were able to cope with Mr. Denis Healey's additional £110m. cut in the planned 1976-77 budget by bringing forward some of the cuts already proposed, although some part of that reduction will still have to come from direct cuts in procurement of equipment or the stretching out of deliveries of some other programmes.

They are now understood to have made it clear to the Government that this is the end of the road, and that if it becomes necessary as a result of deteriorating economic conditions to call for even further defence cuts, these can come only from reductions in those basic commitments to Nato that the Government left untouched in the recent review.

Over the past few years, virtually *all the tentacles of the* defence octopus, in terms of bases and commitments overseas outside Nato, have been *lopped off, or are about to be* under the recent review (the West Indies, the Mediterranean, Brunei, Gan, Mauritius and *Singapore, for example). Thus* any further cuts will mean cutting into the body of the Nato European and Atlantic *commitment itself. This would* mean reducing the number of troops in the British Army of the Rhine, more cuts in naval forces allocated to the North Atlantic, the further stretch-out of deliveries of Multi-Role Combat Aircraft and perhaps cuts in their planned number of 385, and additional cuts in the number of frigates and other warships.

Consequences

Of course, such moves could be made, provided the Government was prepared to accept the political consequences; indeed, it would be possible to eliminate defence spending entirely, *provided the Government was pre*pared to accept all that would imply politically. Even the strongest protagonists of further defence cuts have not advocated going that far, although Mr. Frank Allaun, the Labour MP for Salford East, has argued that if Britain were to bring its GNP percentage of defence spending down to the level of other Nato nations it would have £1.34bn. a year "for other and better things." In fact, Britain in 1973 spent £64.50 per head on defence, compared with Germany's £76, Denmark's £47, Belgium's £42, Greece's £62 and the Soviet Union's £46. The *Defence Department* has already pointed out in support of its programme that heavier cuts of £1bn. a year in spending, as advocated by the extreme Left-Wing, would have meant cuts of some 150,000 servicemen (out of the total of 340,000), 100,000 directly-employed civilians and perhaps 100,000 workers in the defence industries. As it stands, the Defence Review is cutting out 38,000 servicemen over ten years together with 15,000 U.K. civilians and another 15,000 overseas, quite apart from the as yet uncertain long-term *effects on employment in* defence manufacturing industries.

HOW THE DEFENCE BUDGET IS SPLIT

FINANCIAL YEAR 1975-76

	£m.	%
EXPENDITURE ON PERSONNEL:		
Pay allowances, etc., of the Armed forces	1,089.8	
Armed Forces retired pay, pensions, etc.	232.9	
Pay, etc., of civilian staff (i)	778.9	
Total personnel	2,101.6	46.2
EXPENDITURE ON EQUIPMENT:		
Sea Systems	385.8	
Land Systems	337.0	
Air Systems	651.2	
Other (ii)	155.0	
Total equipment	1,529.0	33.6
OTHER EXPENDITURE:		
Land and buildings (MOD)	Cr. 20.8	
Works and buildings (DOE)	333.8	
Pay of DOE civilian staff	51.5	
Miscellaneous stores and services (iii)	552.4	
Total other	916.9	20.2
Total	4,547.5	

(i) Includes pay, etc., of civilian staff of the Procurement Executive, net of receipts.

(ii) Includes the net cost of operating Headquarters and Outstation Establishments of the Procurement Executive (other than pay, etc., of its civilian staff) and of its other common services.

(iii) Includes movements, general and accommodation stores, clothing, victualling, fuel and other administrative expenses.

Source: Defence Estimates, 1975 White Paper

Mr. Roy Mason, Secretary for Defence: the Government has already decided that his Department should cut its spending by £4.7bn. during the next 10 years.

So far, no-one has publicly said how much any further cuts in commitments to Nato could save in cash terms, probably because the Chiefs of Staff regard the prospect as too awful to contemplate. There is a level at which even a small cut in spending does proportionately greater damage to the overall defence posture, and the U.K. has now reached that point if it has to cut into direct Nato Central European commitments. At a time when there is an undisputed build-up in Soviet forces, especially conventional infantry and armoured forces in the Central European region of Nato, and in maritime (especially submarine) forces in the North and South Atlantic and the Indian Ocean, the Chiefs of Staff are counselling against any further spending cuts, and urging the Government *in its search for savings* in public expenditure to look to other departments that have not as yet borne anything like the same share of cuts as the Defence Department.

All this would appear to indicate that, from now on, the scope for reductions in defence spending will be marginal—for example, by making better use of productive resources, achieving greater efficiency in the use of manpower and equipment, and by delaying the introduction of new equipment (although even this can become self-defeating as maintenance costs on ageing equipment mount up). For example, the Department of Defence plans to halve the time taken to build warships, as a means of saving money. The Controller of the Navy, Admiral Sir Anthony Griffin, has said that this is a specific target where new types of ships, which sometimes take years to design and build, are concerned. Consultation on this problem has already begun between the Department and the warship builders.

This kind of improvement in industrial efficiency might also help exports. The aerospace and shipbuilding industries are already the biggest sufferers from the defence cuts. Nearly 70 per cent., or £3.2bn., of the £4.7bn. saving over the period to 1983-84, is expected to come from cuts in equipment purchases, much of them from those two industries. But critics *of defence spending often* forget that many of the specialist skills developed in the armaments industry are also *employed in promoting exports.* The aerospace industry, for example, last year exported more than £800m.-worth of its *products, much of it in military* aircraft, engines and missiles. This does not satisfy those who criticise defence spending on moral grounds, but it has some bearing on the overall financial equation.

Scope

Where there is undoubtedly long-term scope for substantial *further savings in defence* spending, however, not only in the U.K. but also throughout the rest of Nato, is in greater collaboration in the research, development and production of new items of equipment. *In every country in the alliance* it is possible to find examples of different weapons systems designed to do the same job, from small arms ammunition, through to anti-tank missiles and up to such more complex items as tanks and combat aircraft. While much lip-service has been, and still is being, paid *to the concept of collaboration,* and while some notable achievements exist—for example, the Anglo-West German-Italian Multi-Role Combat Aircraft—there is still a long way to go.

Just how painful this search for common procurement can be was seen in the recent efforts by Belgium, Holland, Denmark and Norway to find a common replacement for their ageing Lockheed F-104 Starfighters. In the event, they have all settled for the U.S. General Dynamics F-16 aircraft, much of which will now be built in Europe, not only for the four Nato nations involved but also for the U.S. Air Force and for any "third countries" that may buy. To that extent, therefore, the Europeans *have probably helped substanti*ally to offset the cost to themselves of buying new aircraft, and have undoubtedly contri*buted to unification and stan*dardisation in the Nato armoury.

But the commercial bitterness *and political wrangling* with which the search was conducted showed just how deeply divided the countries of Nato still are *on this whole question of com*mon procurement.

Difficulty

The problem is not just one of trying to get together to design and build a specific pro*duct, although in political,* commercial and industrial terms that can be difficult enough. The real underlying difficulty is that each country in the alliance has a different timescale for its re-equipment needs, so that collaboration may become possible only when two or more countries can reconcile their military, economic and industrial requirements. For this reason, even if studies get *under way now, it does not seem* likely that tangible results on collaboration can be achieved until the early 1980s and 1990s, by which time many of the existing weapons systems in the alliance will need to be replaced.

Thus, while substantial savings can undoubtedly be achieved by collaboration and must be explored, they must be regarded as long-term and are not likely to contribute to further cuts in the U.K.'s own defence spending in the next few months or years should these be sought by the Government.

Letters to the Editor

Useful work for the unemployed

From Mr. A. Saunders.

Sir,—With unemployment approaching 1m. I feel it is time that the Government actively considered a "social works" scheme for the unemployed—similar to that successfully adopted in Canada.

Under such a scheme a wage slightly higher than unemployment benefit is paid as a financial incentive to participate. In return the "unemployed" work on socially useful projects that *might otherwise be deferred, for* example, painting and repairing the homes of the elderly.

Not only would such a scheme be a useful adjunct to any new social contract, it would also provide many other benefits both economic and psychological—all for a disproportionately small in*crease in public expenditure.*

Anthony Saunders.
Lecturer in Economics,
City of London Polytechnic,
84, Moorgate, E.C.2.

Lambs to the slaughter

From Mrs. D. Fry.

Sir,—I wonder how many of your women readers were as appalled as I was, when reading your agriculture correspondent (July 4), at the complete disregard of the views of the British housewife.

"British and Irish sheep farmers have long been looking at the *possibilities of supplying* the French market, the attraction being price." Let us hope that the French Government succeeds in its objection to free trade "when the British would be able to continue importing New Zealand lamb subject to the Common external tariff, while flooding the Paris market with British lamb," thereby making new season's English lamb, pricewise, a thing of the past for most of us.

One can imagine the reaction of the French housewife if she was similarly ignored.

Dorothy A. Fry,
4, Copthall Gardens,
Mill Hill, N.W.7.

Pensions Bill

From the Chairman,
Harris Graham and Partners.

Sir,—I have read with incomprehension the calculations of Messrs. Layborn and Lipschitz in their letters of June 23 and 28. As far as I can ascertain the following assumptions are those made by the Government Actuary in his calculations for the Social Security Pensions Bill:

—yield on pension fund assets 9 per cent. per annum.
—growth in earnings 8 per cent. per annum.
—Mortality in retirement in accordance with the standard a(55) annuitants' table.

For simplicity, I have ignored widows' benefits and mortality before retirement.

Consider Mr. Layborn's example of a man aged 18, with a salary of £1,500, who enters a pension scheme providing the *minimum* benefits for contracting out. When he leaves service 12 years later, his salary is £3,777 and the base level has risen from £603 to £1,519, so that his excess salary is £2,258. The guaranteed minimum pension is £2,258 × 25 per cent. × 12 ÷ 47 = £144 per annum.

At retirement, the employer's liability will have grown at 5 per cent. per annum to £795 per annum, so that the cost of his guarantee is the value at age 30 of a pension of £851 per annum from age 65. On the stated assumptions this is £238 (compared with Mr. Layborn's figure of £600).

The employee's preserved entitlement will have grown at 8 per cent. per annum to £2,131 per annum, so that the premium paid *to the State Scheme to secure the* protection against excess inflation is the value at age 30 of a pension of £1,336 per annum from age 65. On the stated assumptions this is £487 (compared with Mr. Layborn's figure of £678).

The contribution reduction allowed by the State would, on the *stated assumptions,* have accumulated to £2,006 at the time of leaving service. The value of the underlying £144 per annum entitlement is £52, leaving £1,954 to meet the total costs of £725. There will therefore be a net "plus" of £1,229 compared to Mr. Lipschitz's net "minus" of £140.

The real problem in contracting out is illustrated by varying the assumptions. If salary growth is at 12 per cent. per annum and the other assumptions are unaltered, the net "plus" of £1,229 becomes a net "minus" of £1,787.

The employer who contracts out is embarking on many transactions of this kind in which his chances of profit or loss are quite unpredictable. To produce a figure of £140 and imply that it will be realised in practice because it is based on "reasonable actuarial assumptions" displays a faith which other actuaries must find either touching or embarrassing.

Martin Crossley.
30, Queen Anne's Gate,
Westminster, S.W.1.

Teachers' salaries

From Mr. J. Stone.

Sir,—The staff of the Walsall Child Guidance Service *(July 2)* have missed the point of the Houghton Report on teachers' pay. Increases were recommended as a means of improving the attractiveness of teaching as opposed to related tasks in the educational service.

Teachers, especially good teachers, must *be* kept in the classrooms and offered more prospects which are attractive compared to those offered to educational psychologists, organisers, administrators, etc. If the relative attractiveness of supporting occupations is to be maintained by an increase in *salaries to match the Houghton* recommendations one of the major reasons for the report evaporates.

The remedy for the educational psychologists is clear—they should return to teaching.

J. A. Stone.
Ty-Gambo,
Aston Lane,
Oker, Matlock.

Colombian economy

From The Colombian Ambassador.

Sir,—Your correspondent in Bogotá, Sarita Kendall, sent you an analysis of the internal situation of Colombia which may be qualified as a one-sided version. *Apart from her opinions it would* be possible to add many others which give a different view of events presented in your paper under the heading "The turmoil increases."

I ask the hospitality of your columns to inform your readers that a state of siege is a legal situation in Colombia, strictly regulated by the Constitution and that human rights and liberties of citizens and specially freedom of the Press belonging *to all parties will be preserved.* But of course the Government can take measures that are necessary to guarantee normal activities of all citizens and of public and private enterprises.

I want to refer in particular to the untrue statement: "After 11 months of liberal Government there still is no national development plan." Let me say that President Alfonso Lopez Michelsen and his Government have pursued an economic plan since the beginning of their term of office on August 7, 1974. It would be too long to explain in detail the measures adopted in this *field by the Chief of State and* the Ministers, previous consultation of the economic bodies of the administration and with approval of the National Congress in which all parties, including the opposition, are represented.

On June 23 this year, the *Minister of Finance, Dr. Rodrigo* Botero, made a complete presentation of the economic plan of his Government in Paris to the consultative group which included representatives of several European countries, the United States, Japan, the World Bank and the Inter-American Development Bank. The Minister of Finance explained that this economic plan has been carried out through income-tax reform, economic reform and a proper wage policy in order to reduce inflation to a rate not above 20 per cent. in this year and 15 per cent. in 1976.

The results of the economic plan are satisfactory and its main objectives are: stability, economic growth, distribution of incomes, full employment and economic sovereignty.

Perhaps this information will give your readers a more balanced opinion on the economic situation of my country.

Alfredo Vázquez-Carrizosa.
Flat 3a,
3, Hans Crescent, S.W.1.

Strikers' benefits

From Mr. R. Nicoll.

Sir,—Mr. Granger Brown's reply (July 4) to my letter *(July 1) seems to me to savour* of the inevitable modern-day practice of seeking a compromise which so seldom seems to work. Apart from the increase that no doubt would occur in Civil Service labour to monitor his suggested scheme that there should be an annual limit applied *to the amount of Social Security* benefits allowed to strikers' families, the nub of his argument is his assertion that the scheme would work "so long as the self-seeking actions of the strong and well protected (unions) did not destroy it." Surely he will concede that too *many of the strong unions* nowadays pursue their exorbitant claims on the basis of Number One first and devil take the hindmost. What happens to the small group *if the large and* strong unions have used up the annual quota?

Mr. A. D. Neate's basis (June 28) was that his suggested Mark 2 contract should start from an agreement of the Government, the CBI and TUC. Surely though he could not imagine the TUC agreeing to any scheme containing the possibility of a withdrawal of Social Security benefits to strikers' families. If negotiations continued for several years it might transpire that agreement could be reached—but we haven't that time to wait.

Mr. Fred E. Johnston's letter on vouchers for strike food (July 3) and no cash, seems to me a much better effort at compromise, but I remain convinced that some of the large and *powerful unions have got to be* made to accept that, though their prime responsibility will always be to their members, they have also in these times a duty to society as a whole—simply because they are so large and powerful. To awaken that responsibility in some of them, they have to be hurt through their own pocket, even if temporarily it means hurting all.

R. C. Nicoll.
66/67, George Street,
Richmond, Surrey.

STV or the alternative

From Mr. A. Smith.

Sir,—I would agree with Mr. Anthony Wigram (June 24) that the system of election should provide a reasonably accurate reflection of the views of the electorate—something which I personally think can best be achieved by *the single transferable vote.*

I am therefore concerned that efforts are currently being made to advance the alternative vote in the no doubt genuine but quite mistaken belief that this will have the desired effect. In fact it could quite easily have the effect of distorting further *the representation of parties in* the House of Commons in relation to their support in the country. The method has been used and found wanting in Australia and, in a modified form, in France.

An example of what could happen under this system is as follows:—

Let us suppose votes were cast in 10 constituencies for parties A, B and C.

	1	2	3	4	5	6	7	8	9	10	Total	%
A	51	51	51	51	51	51	19	28	28	28	409	40.9
B	39	39	39	19	19	25	51	45	45	45	366	36.6
C	10	10	10	30	30	24	30	27	27	27	225	22.5
											1000	100

Under our present electoral system the result would be:—

	Votes	%	Seats	%
Party A	409	40.9	6	60
" B	366	36.6	4	40
" C	225	22.5	0	0

A result similar to the one we got at our last two elections with the two largest parties over-represented, a substantial minority with no representation and a government supported by only a minority of the voters.

Adoption of the alternative vote would make no difference to the result in the first seven constituencies. In the last three, however, the votes of party C *would be re-allocated.* It is possible that they might all have shown party A as their second choice in which event the result would be:—

	Votes	%	Seats	%
Party A	490	49	9	90
" B	366	36.6	1	10
" C	144	14.4	0	0

Surely no-one could deny that this would create an even worse situation than the existing system. It may be argued that this is a hypothetical case and it wouldn't work like that in practice. This is the same argument, however, which has been used to sustain our present inadequate system in the past and which has now been demonstrated to be so wrong.

Let us, therefore, not jump out of the frying pan into the fire. If we are going to change the system, and Heaven knows we need to, let us make sure we get it right first time.

Alan F. Smith.
14, Wensleydale Road,
Hampton, Middlesex.

To-day's Events

GENERAL

TUC general council meeting considers flat rate wage rise plan.

Labour Party national executive discusses implications of a statutory *incomes* policy.

CBI council holds emergency meeting to consider recent moves on wages and prices. *There is also a meeting of CBI* companies committee.

National Union of Seamen special national executive meeting reconsiders decision to hold *strike ballot.*

National Union of Mineworkers conference continues, Scarborough.

Queen, Duke of Edinburgh and King Carl of Sweden, attend Beating the Retreat by massed bands, pipes and drums of Scottish Division, at Holyrood Park.

Conference on implications of Capital Transfer Tax for the smaller company, organised by Institute of Directors, Royal Garden Hotel, London.

South-East Asia's Financial Markets—Present and Future, last day of *conference, organised* by the Financial Times in Manila.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Royal Navy: Motion on financial assistance to Alfred Herbert Ltd.

House of Lords: Debate on need for sustaining and improving Britain's export performance; Debate on European Conference on Security and Co-operation.

COMPANY RESULTS

Associated Newspapers Group (full year).

International Timber (full year).

Waddington (John) (full year).

COMPANY MEETINGS

Carless, Capel and Leonard, Winchester House, E.C., 12.

Deritend Stamping, Birmingham, 12.30.

Firmin and Sons, Birmingham, 12.15

Foster Brothers Clothing, Solihull, 12.

Foster (John), Great Eastern Hotel, E.C., 12.30.

Gough Brothers, Great Eastern Hotel, E.C., 11.30.

James (Maurice), Coventry, 3.

Sayers (Confectioners), Liverpool, 3.

Siemssen Hunter, Great Eastern Hotel, E.C., 12.

Stylo Shoes, *Leeds,* 3.

Teacher (Distillers), Glasgow, 11.30.

Whiteley (B.S. and W.), Otley, 11.

COMPANY NEWS + COMMENT

£2.43m. downturn at Southerns-Evans

AFTER A drop from £3.54m. to £2.5m. at midway, taxable profit of timber importers and merchants, Southerns-Evans shows a fall from £7.08m. to £4.65m. for the full year to March 31, 1975. Turnover was down from £55.86m. to £49.37m.

At halfway the directors said they expected results for the second half would be approximately 80 per cent. of those of the first.

Earnings for the year are stated at 16.23p against an adjusted 23.33p per 25p share and a final dividend of 1.394p net effectively raises the total from 2.465p to a maximum permitted, 2.669p at a cost of £370,598 (£342,319).

Net profit comes out £985,109 lower at £2.3m. Chairman Mr. S. Oxford says the year has been a very difficult one from almost every point of view, and while profit and sales are well short of last year's record, the company has in fact achieved its objectives.

Efforts were mainly directed at improving service, particularly from the group's well-sited small units, at keeping stocks and purchases at levels appropriate to the changed conditions, and of improving the position of short-term borrowings.

Group cash liquidity improved by £5.77m. reflecting net cash resources of £2.52m. compared with net cash overdrafts of £3.25m.

All units in the group performed well under difficult conditions, including the group's Dutch company, which turned in a solid performance with conditions in the Dutch construction industry not much better than in the U.K., adds the chairman.

● comment

Southerns-Evans is a third lower pre-tax with stock write-downs accounting for about £1½m. of the £2.4m. decline in profits. This year demand is starting to improve, with cash sales after three months 8 per cent. up on the 1974-75 final quarter and actual volume marginally higher too. S-E reckons timber prices have now stabilised; and the group balance sheet has improved dramatically over the year. Net working capital has dropped by a third and group liquidity has been turned round with S-E now sitting on £2.3m. in cash which is about a quarter of the present market capitalisation at 70p. The shares yield 6 per cent. and cover extends to six times.

INDEX TO COMPANY HIGHLIGHTS

United British Securities

GROSS INCOME for the year to June 30 1975 of United British Securities expanded from £2.43m. to £2.63m., and revenue available for distribution increased from £1.35m. to £1.47m.

Earnings per 25p share are shown to have improved from 6p to 6.52p and a second interim dividend of 4.4p lifts the net total from 5.7p to 6.4p net.

The available balance is struck after management expenses up from £74,358 to £83,501, interest down from £231,167 to £104,000, and tax of £975,362 compared with £771,405.

Allied Colloids improves

AFTER SLIPPING from £0.77m. to £0.71m. in the first half, taxable profits of industrial chemical manufacturers, Allied Colloids finished the year to March 31 1975 up from £1.6m. to £1.66m. Turnover increased from £7.71m to £10.68m.

After lower tax of £0.68m. (£0.86m.), stated earnings are up from 7.9p to 10.5p—undiluted—per 10p share.

The dividend is effectively raised from 1.40717p to 1.49534p net costing £0.14m. (£0.13m.) and a one for five scrip issue is proposed.

The group is now well equipped to cope with an increased volume of business, say the directors. Sales for the first three months of the current year are ahead of last year and there has also been a "significant" improvement in margins; however progress for the remainder of the year will depend on the general level of industrial activity throughout the world, they add.

● comment

Margins had been on the wane at Allied Colloids on account of rising raw material prices and the inability to pass them on because of the competitive situation. However, this trend came to an end in the last half of 1974-75 when margins recovered to 16.3 per cent. compared with 14.6 per cent. in the first six months. This reflects increased prices, a number of new products, and the first benefits of self-manufactured intermediates. The overall effect is virtually unchanged pre-tax profits for the year, after an 8 per cent. half-time setback; that the figures were better than expected is confirmed by the 5p gain in the share price to 86p, where the yield is 2.7 per cent. (covered seven times) and market capitalisation £8m. Exports are now playing an increasingly important role (roughly 65 per cent. of total sales) as a matter of deliberate policy, with the biggest growth in chemicals for the recycling and reprocessing of water. Meantime, on the borrowings front the position at the end of March had deteriorated over the previous year—when net debt was only £634,000—but this, too, should improve with a reduction in raw material and, therefore, stock prices.

£172,000 fall at Kimpher

For the year to March 31, 1975, Kimpher announces taxable profits £172,000 lower at £190,000. At halfway reporting a fall from £166,000 to £51,000 the directors said they expected profits in the second half would show a reasonable increase.

The final dividend is 2p net making a total of 3p compared with 4.492p.

	1974-75 £000	1973-74 £000
Turnover	25,849	[illegible]
Profit before tax	190	362
Taxation	154	215
Profit after tax	36	147
Minority	4	3
Extraordinary credits	30	*39
Attributable	61	76
Dividends	51	78
Retained	471	482

* Debits.

The company's interests are primarily in advertising and market services.

● comment

A fall in advertising volume against a background of escalating operating costs sent Kimpher's pre-tax profit tumbling by 48 per cent. last year and cut profit margins from 1.36 per cent. to 0.74 per cent. Following the introduction of new management in July 1974 the group attempted to halt the downturn by pruning its advertising operation and increasing concentration on its more buoyant market services division. These changes must have eroded much of the group's cash resources (£180,000 net in the 1973-1974 accounts) and may have had something to do with the reduction in the rate of the profits downturn in the second six months—to 30 per cent. after a 70 per cent. drop in the first half. However, the real benefits are likely to be long or medium rather than short term and even though volume is showing some signs of picking up a full recovery seems a long way off. This is reflected by a yield of 19.3 per cent. at 26p.

Butterfield jumps to peak £1.5m.

IN THE year to March 31, 1975 Butterfield-Harvey which manufactures and sells capital equipment, consumer durables, houseware products and leisure goods, as foreshadowed, made a strong recovery after the set-back of the previous year, caused by the energy crisis and other disruptions.

After a halfway rise from £328,000 to £825,000, pre-tax profit for the full year jumped from £355,000 to a record £1.5m.

Despite uncertain conditions the order load currently stands at a "reassuring" level in those of the group companies able to make the greatest contribution to profit and given freedom from major industrial disruptions, the group has a good prospect in the current year of at least equalling the profit earned in 1974-75, the directors say.

Earnings for last year are shown to have risen from 1.03p to 4.84p and the dividend is lifted from 1.65375p to a maximum permitted 1.75862p with a final of 1.00862p net.

Group turnover increased by 28 per cent. and, although some of this was attributable to inflation, there was a marked rise in the volume of business in several important sectors. Order intake was generally at a high level but a reduction in demand was experienced later in the year in housewares and in rubber and plastics products.

	1974-75 £000	1973-74 £000
Sales	31,389	34,441
Trading surplus	2,018	738
Interest charges	509	380
Profit before tax	1,504	355
Taxation	802	198
Net profit	702	157
Extraordinary credits	69	319
Available	771	476
Preference dividend	10	10
Ordinary	251	236
To reserves	510	230

● comment

Butterfield-Harvey's record profits call for some elaboration. Substantial first-half growth owed something, at least, to stock profits, while the second-half outcome is actually a tenth lower than the comparable 1972-3 figure—that is, before the 1973-4 setback. Trading margins, on the same basis, are about a point lower. According to Butterfield however, there are bright spots, like recovery on the municipal vehicles side—not apparently vulnerable to cuts in local authority spending — while marginally higher borrowings emphasise the control exercised over working capital requirements. But housewares and rubber/plastic products were flat in the second six months, while the other recovery division, office furniture, is exposed to falling demand. At 27p, the yield is 10.3 per cent.

Statement Page 22

Higher target at Pauls and Whites

The chairman of Pauls and Whites, Mr. S. S. L. Hill, tells members that confidence seems to be returning to parts of the livestock industry and that prospects for brewing materials remain good.

Therefore, even though the recovery of demand for food flavours will take longer than originally envisaged, the group has set a significantly higher target for the current year and this stage the directors see no reason why this should not be achieved if no major outside influence upsets their plans.

As reported on June 13, taxable profits advanced from £2.47m. to £2.81m. in the year to March 31, 1975 and the dividend is 2.883p (2.615p) net.

Although short-term borrowings at the year end had increased by £2.3m., it was not necessary to negotiate increased facilities. The group was able to maintain a reasonable margin for contingencies, though this necessitated the postponement of some desirable, but not essential, capital expenditure. A statement of sources and uses of funds, shows a net increase in bank borrowing of £2.34m. (£5m.).

Grain prices started to fall in January, 1975 but the reduction of working capital which will follow if the lower prices are maintained, will not be fully apparent until after the 1975 harvest.

As at June 7, Wood Hall Trust held 27.4 per cent. of the Ordinary. Meeting, Ipswich on August 7 at noon.

Chairman's statement Page 22

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Colloids	1.49	Oct. 3	1.41*	1.49	1.41*
Brooks Watson	Nil	—	3.2	0.8	4.6(a)
Butterfield-Harvey	1	Aug. 28	1.03	1.76	1.65
Kimpher	2	Aug. 20	3.09	3	4.49
Kraft Productions ......int.	0.31	—	0.67	—	1.32
LCP Holdings	1.95	—	1.85	2.89	2.72
Lendu Rubber	0.53	—	0.5	0.53	0.5
Rembia Rubber	0.32	—	0.3	0.32	0.3
Ropner Holdings	0.8	—	0.74	1.6	1.51
Sheffield Refreshmt. Hses.	6.66	—	6.25	6.66	6.25
Southerns-Evans	1.39	Aug. 10	1.33*	2.67	2.47*
R. W. Toothill	2.62	—	2.35	3.79	3.57
Utd. British Secs. 2nd. int.	4.4	Aug. 29	3.7	6.4	5.7
Utd. Gas	0.25	Sept. 5	Nil	0.25	0.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) For 11 months.

Recovery to £822,000 by UGI

WITH £687,000 accruing in the second half, profits of United Gas Industries reached £822,000 for the year ended March 31, 1975, this compares with £288,000 for the previous year when the second six months showed a loss of £99,000—and reflects a recovery towards the record £1.43m. achieved in 1971-72.

Earnings per 25p share are stated to be up from 0.1p to 2.1p. In view of the difficult climate in which the group is operating, the directors are proposing only a token dividend of 0.25p, which compares with an interim and only payment of 0.7p for 1973-74.

Members are told that the problem company of the electricity division during 1974/75 was Berry Magicoal. All sectors suffered severely through the depressed state of the market, but in particular demand for night storage heaters virtually ceased for a long period during the year. The group ceased making these appliances at Huyton in October.

Since then the whole Berry company has been reorganised with headquarters and the centre of the warehousing and distribution activities of both appliance companies now located in Huyton.

Following the reorganisation the directors expect Berry will approximately break-even on trading account in the current year, but the further cost of reorganisation will be of the order of £80,000 after tax relief.

An analysis of profit before loan interest shows (£000's omitted): meter control equipment and bellows £1,138 (£154); gas and electric appliances £79 loss (£416 profit); other activities £170 (£125).

● comment

A sparkling recovery in engineering profits at United Gas Industries shows the success of the internal reorganisation programme, and the signs of a well-run operation are visible elsewhere, notably in the static wage and operating costs figure. This may put the £0.8m. cost of closure at Berry Magicoal into some perspective, but offers little consolation when the outlook for earnings looks shaky. Profits are closely tied to nationalised industry spending—which is plainly vulnerable—while a mere 8 per cent. rise in sales, plus the unchanged value for materials purchased during the year, suggests that UGI is already coping with a recessionary trading situation. A p/e of 10 at 21p looks high but quality of EEC earnings should not be ignored.

Brooks Watson loss

AFTER PROFITS of £871,840 for the first half compared with £856,377, Dublin-based Brooks Watson Group incurred a pre-tax loss of £1,224,561 for all 1974 against profits of £1,863,943 for the previous 11 months.

The loss is after a provision for anticipated losses on forward commitments for timber of £966,025, a write down on stocks of £211,400, a provision for a write down of development land of £631,000 and notional interest of £28,000 (£45,000).

The loss per 20p share is given as 4.41p against earnings of 5.39p. There is no final dividend leaving the 0.8p net interim to compare with the total of 4.6p for the previous period.

The directors say that in the second quarter of the current year the group returned to profitability and the outcome for the first half should approximate to the budgeted small profit for that period.

The areas which traded satisfactorily in 1974 continue to do so, add the directors of this group of builders' providers, maltsters and distributors of farm machinery and pharmaceuticals and in the absence of a still deeper recession in the construction industry or other unforeseen circumstances, the group should continue to trade profitably for the remainder of this year.

Record orders at Streeters

Mr. E. A. Streeter, chairman of Streeters of Godalming, told the annual meeting that with the balance sheet remaining strong, the company was well placed financially to deal with the present "very improved" state of the order book.

The order book was at a record level, with all major contracts protected against inflation, "and it will keep the company fully engaged well into 1976."

Meeting, Page 22

ISSUE NEWS

Profit advance for Dunbee-Combex

THE FULL particulars of the Dunbee-Combex-Marx rights issue to raise £505,000 on the basis of one-for-ten at 72p is published, along with the group report and accounts for the year 1974.

The directors point to the £2.27m. of capital expenditure during 1973 and 1974, and the growing need for working capital which has stimulated the need for a rights issue. Since the issue of £1.2m. of Convertible Stock, 1972 the company has raised no new long-term capital, except for a Dutch Fl.1.2m. 14 per cent. Convertible Unsecured Loan (approximately £364,000) last January, specifically to provide capital for its subsidiaries in Holland and Belgium.

The directors intend to strengthen the group's capital base, and accordingly use the proceeds of the rights issue to reduce short-term borrowings.

With respect to the current year the chairman, Lord Westwood, states that the pattern of trade was unduly distorted in the early part of 1974, but a more normal pattern is emerging this year and, mindful of the volatile and uncertain conditions, the directors expect pre-tax profits to rise again in 1975.

ROOT HARVESTERS

Root Harvesters rights issue of 886,091 shares has been accepted by 79 per cent. of the provisional allotments. Applications received for a total of 977,840 excess shares have been allotted as follows: up to 100 shares in full; more than 100 shares the lesser of about 25 per cent. of the applicant's holding and the number applied for subject to a minimum of 100 shares.

Following the issue J. F. Nash Securities and its subsidiaries holds 302,113 shares, about 23.83 per cent.

EVER READY—86.9%

Ever Ready (Holdings) announces that in connection with the rights issue of 13,417,023 shares on the basis of one-for-four at 65p acceptances have been received in respect of 86.9 per cent. of the shares allotted. The balance have been sold and any excess over issue price will be remitted to shareholders entitled thereto except that no payment will be made for less than £1.

GLAXO—94.2%

Glaxo Holdings rights issue of 15,420,322 Ordinary shares closed with acceptances of 94.2 per cent. of the shares offered.

The balance has been sold for the benefit of the shareholders who have not taken up their entitlement.

CAMBRIDGE WATER

The offer for sale by tender by Cambridge Water Company of £1m. 9 per cent. Redeemable Preference Stock 1980, attracted applications for £1,687,900 stock. The average price allotment was £99.15 per cent. and the lowest price at which allotment was made was [illegible] per cent.

Short-term local loans

The coupon rate on this week's batch of local authority yearling bonds has dropped from [illegible] per cent. at par last week to [illegible] per cent. at par this week. The bonds are due on July 14, 1976.

The issues this week are Borough of Chesterfield (£½m.), Buckinghamshire County Council (£1m.), London Borough of Ealing (£1m.), Hart District Council (£½m.), Kingswood District Council (£1m.), Ashfield District Council (£½m.), Borough of Rossendale (£½m.), Borough of Wolverhampton (£1m.), City of Wakefield Metropolitan District Council (£½m.), City of Winchester (£½m.), Bradford Metropolitan District Council (£½m.), Derwentside District Council (£½m.), Tandridge District Council (£½m.), Eastbourne Borough Council (£½m.), City of Newcastle-upon-Tyne (£½m.), City of Sheffield (£1½m.), Vale Royal District Council (£½m.), Cornwall County Council (£½m.), Merthyr Tydfil Borough Council (£½m.), London Borough of Havering (£1m.), Kirklees Metropolitan Borough Council (£½m.).

Allied Colloids, this page.

MK Electric outlook

The chairman of MK Electric Holdings, Mr. D. L. M. Robertson, tells members that if demand fails to improve, it may be necessary to reduce production further. But without being too optimistic, his present expectation is that business will improve.

It is difficult to forecast demand, he points out. For many years the group has ploughed money back into the business to buy new equipment, improve methods of manufacture and instal plant to keep abreast of new technology, only to be hit by rapidly changing demand levels.

As reported on June [illegible] turnover rose from £18.43m. to £21.39m. in the year to March 31 1975, but profits fell from £1.77m. to £0.67m. before tax.

Mr. Robertson says that although profits were depressed and cash is always needed to modernise plant and equipment, the directors consider prospects for the current year justify the dividend of 2p net per share compared with last year's total of 4.497p.

A statement of source and application of funds shows a net decrease in liquid funds of £2.84m. (£1.42m.).

Meeting, Winchester House, E.C., on July 31 at noon.

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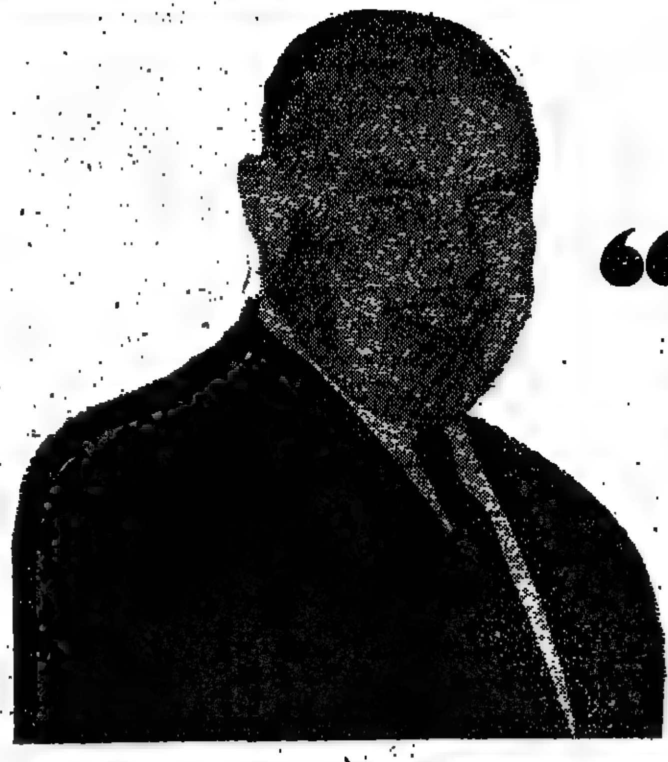
REGISTERED TRADE MARK



"A record performance by all Divisions of our group" Sir Jack Wellings C.B.E.

TURNOVER £152m • PROFIT BEFORE TAX £10¼m • PROFIT RETAINED £3m
EXPORTS UP 63% TO £31m • A GOOD START FOR CURRENT YEAR

The 51st Annual General Meeting of The George Cohen 600 Group Limited (Machine Tool Manufacturers; Engineers, Steel Distributors and Scrap Processors) will be held on July 30th at Grosvenor House, Park Lane, London W.1.

The following is an extract from the Statement by Sir Jack Wellings, CBE (Chairman and Managing Director) which has been circulated with the report and accounts for the year ended 31st March, 1975:–

In our Interim Report to Stockholders, issued at the end of November last year, I reiterated my July 1974 Outlook that **"this financial year will see a record performance by all Divisions of our Group"**. This we achieved — in full measure.

CHANGE OF NAME

It is proposed that the name of the Parent Company be changed to THE 600 GROUP LIMITED and the necessary Special Resolution will be put to the Annual General Meeting.

The reason for the proposed change is the undoubted fact that confusion has existed for a number of years between the name of the Parent concern and two of its substantial operating subsidiaries.

PROFIT AND DIVIDEND

The Trading Profit before taxation was £10,228,000 an increase of £4,541,000 (80%) on last year after charging Depreciation of £1,776,000 (last year £1,836,000) and net Interest on Borrowings of £1,637,000 (last year £806,000).

Invoicing to customers outside the Group was £151,909,000 an increase of £48,808,000 (47%) on *last year's £103,101,000* divided almost equally between the two halves of the year, as was the trading profit before taxation. Taxation was £5,220,000.

The Directors are proposing a final Ordinary Dividend of 1.6615 pence per stock unit which inclusive of tax credit, is equivalent to approximately 10.225% (last year 9.433%) and is the maximum dividend permitted under the present government regulations. The dividends paid and proposed total £1,147,000.

The profit retained will be £3,044,000.

IRON AND STEEL PRODUCTS AND SERVICES DIVISION

	1975	1974
Profits	£5,447,000	£3,541,000
Turnover	£94,666,000	£62,721,000

The operating companies within the Six Hundred Metal Holdings Group completely out-performed the 1973/74 results and produced *much improved sales tonnages, sales invoicing* and profits. The Ferrous Scrap Department in particular contributed substantially to a most successful year. The Non-Ferrous, Secondary Steel and Dismantling activities all made a worthwhile contribution to yet another year of profitable trading expansion.

Dunlop & Ranken, steel stockholders, also achieved an outstanding performance.

MACHINE TOOL DIVISION

	1975	1974
Profits	£3,670,000	£1,440,000
Turnover	£36,660,000	£24,660,000

Considerable and most successful efforts were made throughout the Division to increase production, and before the end of the year all plants had fully recovered from the limitations on supplies, labour and the energy crisis, etc., which in common with others we had to suffer last year. We are again operating at optimum levels of utilisation.

We are well satisfied with the headway that has been made by Hydro Machine Tools, Richmond Machine Tools and Sykes Machine Tools in the expanding market of Numerically Controlled Turning and Drilling Machines.

Queen's Award. Once again it is my pleasure to report that The Colchester Lathe Co. Ltd., was honoured to receive the Queen's Award to Industry for Export Achievement. This is their fourth Queen's Award, a record for the Machine Tool Industry.

It is most satisfying to be able to report the continuation of improved trading results and of the solid growth of our Overseas Companies in South Africa, in Australia, in Canada and in the U.S.A.

ENGINEERING PRODUCTS AND SERVICES DIVISION

	1975	1974
Profits	£1,111,000	£706,000
Turnover	£20,583,000	£15,730,000

Turnover is up 31% on last year and Profits have been increased by 57%. These results are most welcome and are *encouraging even when compared with the really outstanding* results of our other two Divisions. Much of the Divisional improvement is due to another fine year's performance by George Cohen Machinery Ltd., whose Power Plant Section did exceptionally well — many Generators being booked for emergency standby purposes. Sales of HIAB Lorry Loaders were buoyant.

Our three crane companies in the mobile and truck-mounted crane field—Jones Cranes, Crane Travellers and British Hoist & Crane (Iron Fairy) increased turnover in home and export markets and achieved a most useful improvement in profitability.

EXPORTS

The Group's direct exports from the United Kingdom have surged forward from last year's record total of £19,082,000 to £31,216,000 for the year under review — an increase of 63.6%. The Machine Tool Division and the Engineering Division virtually doubled their previous year's figures and this is a reflection of the well established reputation of our products, of our service to customers wherever they may be, and of our general 'exportmanship'.

OUTLOOK

The year has shown a record performance by all Divisions which, naturally, gives me confidence. However I would be rash to predict the results for this financial year at this time with so many imponderables, inflation very high and the business climate at home far from satisfactory.

We have started the year well. Our order books in most companies are healthy. Our manufacturing companies, both at home and overseas, are very strongly entrenched in World markets.

I look to a satisfactory year and will be able to comment more positively at the time of my half year statement.

THE GEORGE COHEN 600 GROUP LIMITED

MACHINE TOOL MANUFACTURERS · ENGINEERS · STEEL DISTRIBUTORS · SCRAP PROCESSORS · ESTABLISHED 1834

1967 Colchester Lathe	1968 Colchester Lathe	1968 Jones Cranes	1971 Colchester Lathe	1972 Steel Division of George Cohen	1973 Jones Cranes	1973 T. S. Harrison	1975 Colchester Lathe

For Export Achievement

A copy of the report and accounts for the year to 31st March, 1975 can be obtained from The Secretary, The George Cohen 600 Group Limited, Wood Lane, London W12 7RL

MINING NEWS

CRA puts Australian minerals case

BY LESLIE PARKER, MINING EDITOR

THE AUSTRALIAN minerals industry faces a considerable slowdown and significantly reduced growth under present Government policies. This was the view of RTZ subsidiary Conzinc Riotinto as expressed to the Industries Assistance Commission.

Exploration was stated to be falling in real terms. This would accelerate if there continued to be a lack of incentive, confusion over the right to exploit new finds and a cutting off of exploration funds.

The Commission is studying the effect of taxation and royalties on the minerals industry and the question as to whether the Government should give the industry differential tax treatment.

Suggestions

CRA's suggestions included the pooling of all capital and exploration expenditure and its deduction against all mining company income up to the extent of that income. Any expenditure not claimed should be carried forward indefinitely and deducted on an emerging profits basis. The Hamersley iron ore operation was cited as likely to return only an uneconomic 4.3 per cent. on investment if brought on stream now at current prices under present legislation.

It was also stressed that foreign investment remained important to the industry. The Government, it was averred, had sufficient controls to regulate multinationals in the national interest. This made the question of ownership largely irrelevant. The industry had grown to the stage where there was no reason to fear foreign domination. Present Government policies had prompted companies to seek opportunities overseas.

GOLD FIELDS IN OCEAN RES.

The Consolidated Gold Fields group has put a further toe into the turbulent waters of Australia's uranium mining scene by following up its stake in Pancontinental, the latest finds of which were detailed here yesterday, with what could be an 8 per cent. holding in Ocean Resources the shares of which have been rising recently and which overnight in Sydney were an active market with a turnover reported to have approached half a million shares. In London they are 19p.

Ocean has made a cash placement of 0.73m. shares at par (10 cents) to Commonwealth Mining, a subsidiary of Consolidated Gold Fields Australia. There is also an option running to June 30 next year on a further 0.5m. shares at 12 cents. Monday's overnight price in Sydney was 20 cents.

The last London news of Ocean Resources was that it had a 50 per cent. interest in a uranium prospect in the Arnhem Land Aboriginal Reserves in the Northern Territory. Gold Fields is presumably, as with its stake in Pancontinental, confident that the country's uranium finders will eventually be allowed by the Federal Government to enter the export field and reap due rewards for all the money which has been expended in exploration and development work.

Beralt hopes for the best

London's Beralt Tin and Wolfram still holds a good degree of hope that it will be able to pay a dividend this year. But, as the chairman Mr. L. G. Stopford Sackville pointed out at yesterday's meeting, it is not possible to say how much can be paid or when the distribution can be made.

The situation depends on the Portuguese authorities who have said that Beralt's company will be allowed to remit a dividend to the U.K. from the payment declared, but not so far paid, by the 80 per cent.-owned Portuguese operating concern. The last estimate was that a full remission would allow Beralt to pay a dividend of about 4p a share.

The chairman added that no approach had been made by the Portuguese Government regarding its stated aim of taking a 51 per cent. interest in certain sections of industry there, including mining, while also hoping to attract foreign investment. Beralt were 15p yesterday, a share price which attempts to strike a balance between the current political uncertainties and the potential of what is still a long-life wolfram mine.

ROUND-UP

South Africa's Labour Minister has appointed a conciliation Board to consider the dispute between the Mine Workers' Union and the Chamber of Mines on the five-day week issue. This appointment provides for further negotiation and possible arbitration before a strike ballot is called. As reported in Saturday's Mines in the News, the Chamber reckons that resultant losses in gold output would be around R250m. (£159m.) a year owing to the consequent reduction in underground blasts on which all gold production ultimately depends. Neither the industry nor the country could stand such losses the Chamber stressed.

Australia's Eastmet Minerals reports "encouraging" results from first-stage diamond drilling at its Forest Reefs gold prospect at Orange in New South Wales with a top grade of 18.2 dwts per short ton. Probable ore reserves are put at 105,000 short tons of 5 dwts although the potential down to 300 feet is assessed at around 300,000 tons. The company is negotiating with several parties who have expressed farm-in interest to carry out further drilling. Eastmet were nominally 4p in London yesterday.

Canadian Javelin plans Court action following the Newfoundland Government's expropriation of its Julian Lake iron ore property in Labrador on which it claims to have spent $3.4m. whereas the Government is offering compensation of only $0.75m. The company confirmed that Mr. John Doyle has resigned as chairman for personal reasons and is succeeded by Mr. Sarto Fournier a senator from Hull, Quebec, and former mayor of Montreal in the mid-sixties. Mr. Doyle it was added would participate in the negotiations with the Panama Government for the return of development funds expended on the big Cerro Colorado copper deposit there.

TRONOH GROUP

In the Tronoh group's June tin concentrate outputs that for Ayer Hitam shows a sharp drop. Its No. 2 dredge was shut down on June 17 for a planned 12 weeks for treatment plant modifications and general repairs. The total for the year to June, however, comes out at 3,125 tonnes, well ahead of the 2,636 tonnes for 1973-74.

Tronoh's six-month aggregate is 1,260 tonnes compared with 1,642 tonnes at this time a year ago. The returns are compared in the attached table.

	June Tonnes	May Tonnes	Apr. Tonnes
Ayer Hitam	78	241	213
Sungei Besi	151	194	186
Sungei Way	19	37	41
Tronoh	170	198	282

MINING BRIEFS

EX-LANDS NIGERIA—June: 48 metric tonnes tin ore for 4 weeks (May 51 tonnes).

RAHMAN HYDRAULIC TIN—June: 55 tonnes (May 73 tonnes).

MALAYSIAM TIN—June: Tribute ore sold 3.38 tonnes (May: 6 tonnes). Working loss £38 (May £823 profit).

Dooars plans liquidation

Directors of Dooars Holdings announce that an extraordinary meeting will shortly be convened to pass an extraordinary resolution to the effect that the company cannot, by reason of its liabilities, continue its business, and that it is advisable it be wound up voluntarily.

A meeting of the creditors will also be convened for the same day. Notices convening the meetings, together with an explanatory circular, will be posted as soon as possible.

BIDS AND DEALS

Agreed C. Clifford bid for Evered

Charles Clifford Industries is to make an agreed bid for non ferrous metals manufacturer Evered and Company Holdings in a deal which, if it goes through, will enable Clifford to offer a complete range of non-ferrous products.

Terms are 21p of 12½ per cent. convertible unsecured loan stock 1980 of Clifford for each Ordinary share of Evered. Clifford already holds 458,000 Evered shares (7.68 per cent.). It is acquiring 5.5m. shares at a total cost of £1.2m. in convertible unsecured loan stock.

Mr. J. R. Allen, managing director of Clifford, said the activities of the two companies are complementary, and the merger should contribute to a more effective use of resources. He did not anticipate any redundancies in the foreseeable future, and added that yesterday morning he had discussed the proposal with trade union leaders at Evered and had been "very pleased" by the favourable reactions.

The bid is conditional on the agreed disposal by Evered of its Industrial Products Division (which is not compatible with the business of Clifford) to Francis Industries. Details of this deal were also announced yesterday—Evered is selling its IPD subsidiary for £250,000 cash payable in five, six-monthly instalments of £50,000.

Both Evered and Clifford reported depressed trading figures in their last financial years, with both suffering losses as a result of movements in metal prices. On turnover of £9m. for the year 1974 Clifford incurred a pre-tax loss of £185,000 and in the same period, on turnover of £10m., Evered a loss of £470,000.

Mr. Allen said yesterday, however, he thought the timing of the merger was good in view of recovery prospects. He anticipated that Clifford would report a profit in the first half of its current financial year.

GWC—ARGENTINE SOUTHERN

The Great Western Corporation Société Anonyme offer for Argentine Southern Land has now been accepted in respect of 3,676,674 stock units (91.67 per cent.) and has become unconditional as to acceptance. It has already been extended until 3 p.m. on July 17, and is now conditional only upon receipt by ASL of Treasury consent in terms and on conditions satisfactory to GWC for ASL and its subsidiary to cease to be resident in the U.K. for tax purposes.

BENFIELD & LOXLEY ACQUISITION

Following the announcement by Benfield and Loxley in April, that it had agreed to acquire W. W. Development Design and its two subsidiary companies, Merrow Gauge and Tool and Merrow Associates, subject to satisfactory financial reports, the Board now announces that, after considering the financial report prepared by their auditors, the acquisition can now be completed on the original consideration terms.

The profit forecast of £50,000 indicated in the report will be guaranteed by Mr. Percy Wyett and Mr. Peter Weeks who will remain on the Board of the W.W. Companies.

Argyle ends a French interest

Argyle Securities has taken a further step in its reorganisation in Europe, and by agreement with the Trustees of the Post Office Staff Superannuation Fund has terminated its interest in the Grands Magasins du Louvre in Paris leaving Argyle with a profit of approximately £1,085,000.

The agreement is subject to the approval of Governmental authorities in the U.K. and France, and its financial effects will be indicated in Argyle's accounts for the year ended March 31, 1975.

JOHNSON FIRTH EXTENDS BID FOR GREENING

Acceptances of the offers made on behalf of Johnson and Firth Brown for the shares of N. Greening and Sons not already owned, have been received in respect of 3,202,084 Ordinary (13.9 per cent. of the issued and 16.4 per cent. of shares subject to the offer) and 25,731 Preference shares (25.7 per cent.). The offers have been extended until 3.00 p.m. on July 17, 1975.

JFB held 3,447,500 Ordinary (15 per cent.) before the offer period.

UNITED ARTISTS-HANSON DEAL

United Artists Theatre Circuit Inc. and Hanson Trust have reached agreement in principle for the acquisition by UATC of the 318,734 shares of its stock owned by a Hanson subsidiary.

The agreement involves the transfer to Hanson subsidiaries of certain UATC properties and assets, some of which will be leased back. In addition, UACT will transfer to a Hanson subsidiary 145,000 of the 486,015 shares of UA-Colombia Cablevision it owns.

Consummation of the transaction is subject to approval by the Boards and by UATC's lenders plus negotiation and execution of a definitive agreement.

UATC said all litigation between it and Hanson is being discontinued. The litigation arose in December of last year following an allegation by UATC that certain purchases of its shares by Hanson amounted to a tender offer for the company.

SKF AND THORN BUY MORE STDS

SKF, which is still waiting for reaction from the Sheffield Twist unions to its bid for control of the company before deciding whether to answer Thorn Electrical Industries' bid, yesterday bought 49,000 STDS shares at 91p a share, 1p below the price being offered by Thorn. Thorn was also in the market, buying 10,000 shares at the offer price of 92p.

Shop stewards from a number of STDS plants met in Worksop yesterday to discuss the bid. The General and Municipal Workers Union has already backed SKF, but the Amalgamated Union of Engineering Workers is not expected to make any statement until it has met Thorn representatives on Friday.

BOC OFFSHORE STAKE

BOC Limited has bought a 60 per cent. share in the Drexel Group of Companies. This new venture is part of BOC's expanding interests in the offshore servicing industry.

Drexel, based in Aberdeen, Montrose, London and Singapore, provides specialist offshore services in the North Sea, Western Europe and in South East Asia. Group companies service and repair a wide range of oilfield equipment.

The expected consideration payable for the acquistion will not be material in relation to the net assets of BOC International, the company says.

LINREAD BUYS

Linread has acquired the 30 per cent. of the share capital of its subsidiary, William Smith (Birmingham), not already owned, for 77,032 Ordinary shares and £4,050 cash.

At the date of the most recent audited balance sheet, July 27, 1974, book value of net assets attributable to the shares acquired was £32,700, and profit before tax, attributable for the year to that date £6,398. Attributable net assets and profit for the period to August 2, 1975 will exceed the figures for the year 1973-74 it is stated.

HEADCREST

Headcrest Investments announces that, under the terms of the acquisition of Tierdene, the vendors have now been allotted the fourth instalment of the consideration amounting to 235,950 Ordinary shares of 20p each. The total number of shares allotted to the vendors is 1,934,291—one further instalment is to be paid based on net profits for the year 1975.

BRENT EXPANDS

Brent Chemicals International has agreed to buy certain assets and technology from Ultrasonic Machines, a subsidiary of APV Holdings, for £100,000, of which £30,000 will be paid on completion and the balance in 7 monthly instalments without interest. At December 31, 1974, assets included in the sale had a value of £171,000 and a turnover for the year to that date of £675,000.

ASSOCIATES DEALS

Boys-Stones Simpson and Spencer bought 2,000 Ferguson Industrial Holdings on behalf of an associate at 35p.

Rowe and Pitman Hurst Brown bought on behalf of Hambros Bank, associates of Thorn Electrical, 10,000 Sheffield Twist.

Hill Samuel, acting on behalf of SKF, bought 49,000 Sheffield Twist at 91p. SKF now owns 2,228,883 shares (17 per cent.).

Charrington Gardner in good shape

WHILE THERE are problems, the Charrington Gardner Locket group is in good shape, states chairman Mr. R. C. Hall.

He makes no firm prediction as to likely results for the current year, since these will almost entirely be dependent upon external circumstances, and in particular the success or otherwise of the Government in reducing the inflationary spiral.

As reported June 13 group pre-tax profits fell from £3.49m. to £2.98m. in the year ended March 31, 1975. This reduction is solely attributable to an increase of almost £500,000 in interest charges—mainly the effect of inflation, particularly as regards stocks.

On the solid fuel side the announcement of producers' price increases, coupled with a spell of colder weather, gave a substantial boost to the final quarter's sales, says the chairman.

Prospects for the current year must be largely dependent on next winter's weather, and continuity of supplies. Although gas remains the main competitor, Mr. Hall feels that the drift from solid fuel is slowing down.

In the fuel oil division the group has been streamlining operations and trimming costs wherever possible so that "we are in a strong position to face up to the increasing price competition." The outlook for this division, though daunting in some respects, is not without promise, he adds.

As regards the vehicles division—where profits fell by some £30,000—there is unlikely to be a return to satisfactory profitability until there is an overall increase in demand in the vehicle market.

At Dormobile substantial losses were incurred. Having experienced the major decline in demand this company also had to face considerable further difficulties arising from completion of contracts taken some two years ago.

It was necessary to provide a considerable write-down of stocks. Dormobile's main activity is now devoted to specialised passenger vehicles, particularly those with potential overseas markets. However, the chairman says it has been necessary to reduce the size of the operation to match anticipated demand.

The most notable item in the balance sheet is the further deterioration in group borrowings with the overdraft increasing by nearly £2m. to £6.8m. Rationalisation in the vehicles division should give rise to the release of sizeable funds in due course.

At June 8, Hanson Trust was interested in 20.02 per cent. of the equity. Meeting, Charing Cross Hotel, W.C., July 31 at noon.

● comment

At 27½p Charrington Gardner yields 14.7 per cent. This is covered 1¼ times by a level of earnings that may well show little or no decline this year; and there is nothing very wrong with the group balance sheet. The depressed wool price is going to reduce profits from the Falklands by around £1m. to little more than breakeven this year but Charrington's vehicle operations are now over the problems at Dormobile where losses and write-offs cost the group £330,000 last year. Elsewhere, there are price rises—plus hopes for a cold winter—in solid fuel and the builders' merchants operations are managing to tick over comfortably enough so far this year. Meantime, Hanson Trust has edged up its stake in the group to a fifth.

Chairman's statement Page 20

Ropner rises to £1.52m.

THE SIGNIFICANT increase in taxable profits expected by Ropner Holdings for the year to March 31, 1975, turns out to be from £1.21m. to £1.52m. after £0.98m. against £0.55m. for the first half.

Full year earnings are shown to be up from 3.6p to 4p per 25p share, and the dividend is lifted from 1.5104p to 1.6p net with a final of 0.8p.

	1974-75 £	1973-74 £
Turnover	7,715,000	7,635,000
Profit	1,598,810	1,476,112
Share of assoc. loss	81,322	270,473
Profit before tax	1,517,488	1,205,639
Taxation	939,311	720,428
Associates	25,338	*62,719
Profit after tax	602,819	547,932
Minority	14,153	10,843
Extraordinary credits	—	170,189
Available	588,666	707,289
Dividends	236,421	223,114
Retained	352,245	484,174

* Credit.

● comment

The first contribution from the Stag interest (included for eight months) offset much of Ropner's Greytown Property losses last year and can take most of the credit for the 26 per cent. rise in the group's 1974-75 pre-tax profit. Ex associates little progress was made last year, an 8 per cent. rise in profits reflecting modest increases in the shipping and insurance broking returns and an unchanged contribution from engineering. In the current year conditions in the shipping sector have become much more difficult. Freight rates are very depressed and Ropner, which will soon have two of its five ships working in the spot market, is almost certain to see a reduction in profits in this division. Engineering and insurance broking are apparently doing well at the moment and the property losses should be significantly reduced this year but that is unlikely to prevent a slip in overall profits. The group does, however, have a reasonably strong cash position with credit balances totalling about £3m., against a market capitalisation of £2.72m. (including both Ordinary and 'A' shares) and the yield of 14.7 per cent. on the 'A' shares at 17½p is more than twice the sector average.

Difficult year ahead for Crosby House

Despite increased profits and more diversification during 1974, the London dock strike plus rapidly escalating costs have ensured that 1975 is going to be "difficult" for U.K. subsidiaries of Crosby House Group (formerly Ceylon Tea Plantations Holdings), chairman Mr. M. J. Walsh says in his annual review.

"Certainly in the first few months of the current year ground has been lost which will not in all probability be made up as the year progresses."

In the East, weakening commodity prices coupled with cost inflation will make certain that profits will be harder to earn, Mr. Walsh adds.

The group co-ordinates the activities of trading subsidiaries which run tea and rubber plantations in India and Sri Lanka and have interests in warehousing, freight forwarding, wharfinging and containerisation.

As reported on June 9, pre-tax profit, excluding Sri Lanka subsidiaries, increased from £225,451 to £317,856 for the year 1974 and the dividend total is up from 7.52p to 8.5p a share net. In addition, trading in Sri Lanka produced "a very satisfactory" pre-tax profit increase from £46,909 to £506,538 due largely to "excellent" prices received from rubber and coconut products.

Profit earned by the freight forwarding subsidiaries in the U.K. and Ireland increased from £127,683 to £258,837 during the year. Baker Britt remains the group's largest single diversification unit, and there are plans during the current year to expand its activities both in the U.K. and overseas.

Meeting, Crosby House, Great St. Helen's, E.C.3, July 30 at noon.

Chairman's statement Page 9

LCP turns in £2.4m.—pays more

TRADING profit of LCP Holdings advanced from £2,839,000 to £3,313,000 for the year to March 31, 1975 but, after heavier interest charges and a provision against residential development sites, and with no development dealing surplus this time, the pre-tax balance declined from £2,625,000 to £2,411,000.

Earnings per 25p share are shown to be down from 8p to 7.1p. A final dividend of 1.9509p lifts the net total from 2.722p to 2.8929p—the gross equivalent is up from 4.007p to 4.407p.

The Pensnett Trading Estate has been professionally valued at March 31, 1975, at £12.3m. giving rise to a surplus of £1.6m. which has been adopted. Including this surplus, consolidated group capital and reserves *amount to £15.1m. (£12.5m.).*

On June 27, 1975 an additional £2m. term loan was raised with Midland Bank. Together with the existing £2m. loan, this will be secured by a charge on the Pensnett Estate, thus releasing the charge held by the Midland on the group's other land and buildings. The aggregate £4m. will be repayable by June 1980, and will bear interest at 2 per cent. above base rate.

	1974-75 £000	1973-74 £000
Turnover	61,138	51,299
Trading profit	3,313	2,839
Devel. dealing surplus	—	332
Prov. residential sites	100	—
Interest payable	907	670
Divs. received	5	2
Profit before tax	2,411	2,625
Taxation	1,091	1,132
Profit after tax	1,320	1,491
Extraordinary credits	284	531
Available	1,604	2,022
Analysis:	Trading	profit
Construction	434	373
Distribution	478	420
Engineering	356	295
Metals	886	590
Property	841	794
Vehicle dist.	457	487

● comment

LCP Holdings' big involvement in the motor sector did not start to affect trading until towards the end of the year to March 31, so the 1974-75 pre-tax total is a tenth higher at £2.5m., excluding the special property items. Moreover, provisions of £175,000 made at the interim stage on residential development sites have now been reduced to £100,000. In the current year, the commercial contribution could rise from £861,000 to £1m. which should help to offset any setback in engineering and vehicle distribution: this underpins hopes of possibly unchanged profits in 1975-76 with the major uplift from reversions coming in two years' time. The surplus on the revaluation of the Pensnett estate—apparently on a rather conservative 11½ to 12 per cent. yield basis—accounts for over half the £2.6m. rise in shareholders' funds to £15.1m. This compares with total debt of £7.3m. and a capitalisation of £8.7m. at 47p. Apart from the property interest, the main current attraction is a well-covered yield of 9½ per cent.

Statement Page 25

Turriff sees good year

In his annual statement, the chairman of Turriff Construction Corporation, Mr. W. G. Turriff, says that consolidating the overall position and taking stock of the rest of 1975, indicates that the *group should have a good year.*

Geared as the group is in the major part of its business to the oil and gas industries and their by-products and spin-offs, the chairman believes it is harnessed to activities which will attract continuing investment and give increasing opportunities to expand business profitably.

"We see a big world market for our services, we are well-equipped . . . and I believe that this will more than outweigh such fall-off as will undoubtedly happen in other parts of our business."

As reported on June 3, taxable profits advanced from £416,330 to £477,741 in 1974 on turnover of £21.8m. (£18.16m.) and the dividend is 3.4375p (3.15p) net. Of the turnover £1.23m. (£0.6m.) was from overseas, as was £119,000 (£48,000) of operating profit—£485,000 (£364,000) for the group.

Mr. Turriff says "the company has been able to maintain a sound liquid position throughout the year and into the current year, in spite of substantial capital investment and financing the effects of inflation as well as substantial monies due, being the subject of negotiation.

The accounts show an ex gratia payment to a former director of £3,000.

In view of the change of emphasis in group activities, the Board has recommended that the name of the parent be changed to Turriff Corporation. This will be the subject of a special resolution, at the AGM to be held at noon on August 6 at Warwick.

Ingersoll Rand up £846,000

TAXABLE PROFITS of Ingersoll-Rand Holdings increased from £1.23m. to £2.08m. in 1974, on a turnover £6.64m. ahead at £39.27m.

The directors have recommendde that all profits for the year be reinvested and no dividend paid. The company, a subsidiary of Ingersoll-Rand of the U.S., makes compressed air equipment and pumps.

An amount of £5m. was received by the company from the U.S. holding company by way of an interest free non-repayable capital contribution.

	1974 £	1973 £
Turnover	39,166,380	32,632,286
Profit before interest	3,977,820	2,228,303
Net interest paid	1,951,207	1,066,549
Share of Associates	51,162	72,162
Profit before tax	2,077,775	1,231,477
Taxation	1,129,464	387,451
Net profit	948,311	843,996
Reduction in share of associates	31,770	—
Added to reserves	916,541	843,996

BRANDT AND GRINDLAY

Brandt and Grindlay is to close down its Malta operation at the end of this month. The company has been in Malta since 1969—results, particularly in recent years, have not been encouraging and in its last balance sheet the bank showed a cumulative adverse balance of £M162,155.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	172	156	Alcorn & Smithers	160	+2	[illegible]	[illegible]	[illegible]	7.7
[illegible]	F.P.	11.7	[illegible]	[illegible]	Clive Discount [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
[illegible]	F.P.	—	[illegible]	[illegible]	Fitly Lent Inv. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
[illegible]	F.P.	—	[illegible]	[illegible]	Lawrence (Walter)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Anderson Strathclyde	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

INTERNATIONAL COMPANY NEWS + EURO MARKETS

VW expects loss this year despite sales improvement

BY NICHOLAS COLCHESTER — BONN, July 8.

VOLKSWAGENWERK IS moving steadily along the course of rationalisation and cost cutting that it set itself with such drama in April. Its sales are up by 10 per cent. in unit terms over the first six months, the workforce of the parent company has been reduced by 14 per cent. since the beginning of the year, and it is clear that once again the company will make a considerable loss for the year.

This was the news that the new chairman, Toni Schmuecker, gave to shareholders at the annual meeting in Wolfsburg to-day. He said that the company was looking at every way of saving money and raising productivity. He assured them that the company would do everything possible to restore a reasonable dividend.

In the first half of the year the Volkswagen worldwide group delivered 1.12m. motor-cars, thus achieving an increase of 10.6 per cent. on the very poor year of 1974, but still running 10 per cent. below the sales performance of the more normal first half of 1973.

After a year in which the Volkswagen group made a loss of over DM800m., the annual meeting was lively by German standards. Toni Schmuecker's opening speech was continuously interrupted by cheers and boos, and there were voices in the audience of 3,500 demanding that the supervisory board be denied their yearly fee. One shareholder insisted that "there is no other German company that has been as miserably mismanaged as Volkswagen."

According to the plan that VW set itself in April, its German and Belgian manufacturing plants are to shed 25,000 workers in this year and next, bringing the final number down to a hopefully secure 115,000. Good progress has already been made, for Volkswagen AG, which employs the vast majority of the affected workers, has already reduced its workforce by 14,900 to 92,800 since the beginning of the year. During this period Volkswagen has paid out DM135m. in redundancy payments.

Volkswagen also announced today that it was considerably improving the terms of its motor-car guarantees. VW's will now be guaranteed for one year, however many kilometres are driven in that time. The same terms will apply to VW transporters, but the VW light lorry will have a guaranteed maximum of 50,000 km.

Peugeot hit by strike

PARIS, July 8.

AUTOMOBILES PEUGEOT said it is temporarily laying off the 2,830 workers at its diesel engine and gear box plant at Lille from July 15 to 19 inclusive. This means the factory will be closed for one week, since July 14 is a public holiday, and follows the continuing strike at Usines Chausson, now in its seventh week.

Peugeot also reported a net 1975 first half turnover of Frs.5.95bn. against Frs.5.03bn. a year ago. But first half 1975 vehicle output was down 11 per cent. at 350,400 units, while sales volume for the period was down 9 per cent. at 348,500 units.

The company said exports represented 48.2 per cent. of turnover with export sales amounting to 188,000 units (down 7 per cent.). Domestic sales were down 13 per cent. at 160,500 units. It added the figures reflect the impact of the Usines Chausson strike which has meant the loss of more than 8,000 light commercial vehicles.

Peugeot said the rise in the franc's value, the strength of foreign competition and the impact of the oil crisis have hit exports.
Reuter.

KLM fights to cut costs and achieve break-even

BY MICHAEL VAN OS — AMSTERDAM, July 8.

KLM Royal Dutch Airlines, which ended the 1974-75 financial year with a Fls.65.4m. deficit against a deficit the year before of Fls.53.9m., remains rather gloomy about prospects for the current year.

It says in its annual report, which was published in Amstelveen to-day, that in view of the instability of the world economy, it is uncertain whether any major turnround in the results will be achieved this year. The company is fighting hard to raise revenue and to cut the rise in operating costs and adds that efforts were concentrated on trying to achieve a break-even situation without increasing the total number of staff.

KLM notes that the growth of traffic was impeded, on the one hand by the unfavourable world economic situation and the limited growth of consumers' disposable income, and on the other by the greatly increased level of fares. With the expectation of only modest traffic growth, the airline is trying to secure a small expansion (6 per cent.) in tonmile capacity in the current financial year.

The report adds that in subsequent years some recovery of the growth rate for air traffic is expected, in line with a gradual recovery of the world economy. But this will presumably remain "considerably lower" than in the past decade.

KLM says that according to long range planning, a slight annual capacity increase is anticipated, in line with anticipated traffic growth. This should lead to a gradual increase in load factor and to an improvement of profitability. "For the present, there are no important new technical breakthroughs on the horizon which could exert a favourable influence on the development of the airlines. Cost increases will primarily have to be absorbed through efficiency improvement and fare increases."

Turning to the year under review, the report says that the traffic growth of 3 per cent. trailed the increase in capacity of 6 per cent. This resulted in a decline in the load factor from 56.5 per cent. to 54.9 per cent. The substantial drop in charter traffic (down 24 per cent.) severely affected total traffic gains. Growth in passenger traffic was unsatisfactory. The increase in freight traffic, however, was satisfactory in the period up to December, 1974. From then onwards, stagnation also took place in that sector.

Although traffic gains amounted to 3 per cent., the traffic revenue increase of 21 per cent. was considerably greater as a result of fare increases. Further, passenger traffic at the lowest rates (especially holiday traffic)—representing a smaller portion of total volume—also accounted in part for a greater rate of growth in revenue as compared with traffic. The fare increases were effected later than the imposition of higher fuel costs, so that about Fls.50m. of the the fuel account was ultimately not offset by increased revenues. The remaining inflationary cost increases incurred were only partially passed on in the higher fares.

Other revenue rose by 14 per cent. to Fls.455m. This represented 21.3 per cent. of the total revenue compared with 22.4 per cent. in the previous year. The total rise in costs in the financial year was Fls.363.4m., or 20 per cent., with more than half of the increase attributable to higher fuel prices.

KLM says in the report that the lower exchange rate of the U.S. dollar and the English pound in relation to the Dutch Guilder had a depressing effect on revenues and costs for KLM. This balance was slight. Difference in exchange rates on current assets and current liabilities did, however, have an adverse effect on the annual result of a total of Fls.17.4m.

Turning to finances, KLM says that losses during the past four years reduced reserves to Fls.8m. Equity capital—including deferred credits and the subordinated convertible debentures—comprises 50 per cent. of the consolidated capitalisation. For a perspective of the capital structure, the present value of commitments on long-term lease agreements for aircraft, buildings and other company resources should be considered. After subtracting from this figure the long-term loans, issued in that context to financing institutions, these commitments attain a valuation of Fls.369m. Under such circumstances, KLM's equity capital represents 40 per cent. of the total long-term capital structure.

Debt financing to achieve fleet replacement and expansion, along with the operating losses experienced, have resulted in more intensive utilisation of the company's borrowing capacities. Strengthening the equity capital is of great importance in view of the present uncertainties and risks and the increased need of liquidities because of the sharply risen operation volume. These problems will be aided by the Bill introduced in Parliament on June 2, 1975, proposing the increase of the State's participation in KLM by Fls.200m., 5 per cent. preference shares.

Krupp Iranian project

By Nicholas Colchester — BONN, July 8.

FRIEDERICK KRUPP and the Iranian company Idro have founded a new company, Padeko, which has just been asked by the Iranian Government to draw up plans for what could become a new industrial centre in the country. The project is known as the Isphahan Industrial Park, although its exact location has yet to be decided upon.

Padeko is an engineering company in which Iran owns 51 per cent. of the equity and Krupp 49 per cent. A Krupp spokesman to-day confirmed that the above planning contract had been awarded to the new company, but added that the scale of the project would depend on the number of companies that finally become involved in the industrial development.

He refused to confirm a report in the Iranian newspaper Kayhan, that the project would involve a final investment of $1bn., involve 15 different industrial plants and employ 40,000 people.

Boehler sees lower demand

By Paul Lendvai — VIENNA, July 8.

THE FOREMOST Austrian special steel company, Boehler, reports a record turnover for *1974—followed, however, by* slackening demand this year. Group sales in 1974 compared to the previous year rose by 25 per cent. to Sch7.4bn. (£200m.); turnover of the parent company was up by 33 per cent. to Sch.4bn. The subsidiary in Dusseldorf, West Germany, reported a 25 per cent. growth to Sch.2.5bn. The Board emphasised that exports played a major role in the activities of the Austrian plants. Thus exports were up by 37 per cent. to over Sch.3bn. and accounted for 76 per cent. of turnover. Germany, Italy, Switzerland, the U.S. and Brazil were the most important markets. Domestic sales rose by 22 per cent. As a result of an improved cash flow, totalling Sch.483m., and net profit of Sch.33.5m. after allocations to reserves, a dividend of 4 per cent. is announced in contrast to 1973, when no dividend was paid.

The chairman of the Board and director-general Herr Bayer warned, however, that compared with the beginning of last year order books were about 50 per cent. down. This comes at a time when Boehler is to be absorbed by the new special steel concern, comprising all nationalised special steel plant. It will be officially registered in mid-July under the name of "Vereinigte Edelstahlwerke."

*

Reininghaus, the Austrian brewery, is reducing its dividend for 1974 from 13 per cent. to 11 per cent. An unchanged bonus of 1 per cent. is added. Rising costs and slackening export demand were described by the Board as the main reasons for the dividend cut.

*

Goesser Brauerei also announces a reduced dividend of 10 per cent. for the 1973-74 business year, compared with a dividend of 12 per cent. and a 1 per cent. bonus a year earlier. Despite the beer price increase as from March, 1974, costs could not be completely offset.

Sluggish demand, higher costs pull Hitachi profits down 56%

BY CHARLES SMITH — TOKYO, July 8.

JAPAN'S LARGEST electrical manufacturer, Hitachi reported a 56 per cent. fall in its net profits for the financial year ended last March 31, in a statement of consolidated results published to-day.

The fall is attributed to a considerable slowing-down in Japanese industrial activity, sluggish consumer demand and higher wage and material costs.

Hitachi sales recorded an 11 per cent. rise during the year, reaching Y1,807.62bn., compared with the previous year's Y1,632.38bn. Net profits for the year, however, came out at only Y35.14bn. compared with the 1973 figure of Y79.84bn. Income per share was Y13.83 against the previous year's 31.66.

Hitachi said in its statement that some sections of the company did well despite the recession. Sales of power generation plant and rolling stock, for example, increased at a healthy rate, mainly because of strong export demand. The market for computers and environmental equipment was also relatively strong.

The consumer product division, however, had a difficult year, with colour TV sales stagnant at the previous year's level. Semi-conductor sales were also poor, and Hitachi says that in both these areas it was obliged to carry out "production readjustment."

Hitachi has released no target figures for the current year's production or sales, but the company notes that the replacement market for colour TV has revived recently in Japan, promising a more favourable year for the consumer products division. The company also says that it expects a relatively healthy market for room air-conditioners and microwave ovens this year.

Hitachi's computer section will find itself exposed to the full force of international competition from the end of this year, when Japan liberalises computer imports. However, Hitachi has now completed the development of the M series of large and super-large computers in co-operation with Fujitsu. The two companies also expect shortly to complete development work on the V series of medium-scale computers.

Hitachi says its overall development strategy now calls for increased emphasis on highly systematised products (including computers) as a means of maintaining growth and profits in what is likely to be a period of slower overall growth for the Japanese economy.

Dutch Government moves to spread financial power

BY MICHAEL VAN OS — AMSTERDAM, July 8.

MERGERS, acquisitions, participations and operations in general by the Dutch credit institutions will be subject to strict Government control if the long-delayed Credit Supervision Bill (CSB) is approved by parliament.

The contents of the Bill, which was submitted to Parliament in The Hague earlier this week, comprise four main legislative proposals aimed at, as it is put, improving the protection of creditors and to guarantee an "acceptable spread of the financial power" in the country.

Although the proposals come as hardly any surprise to the banking sector—which was consulted on much of their conception—the general reaction among banking circles is one of scepticism. They feel that Dr. Jelle Zijlstra's Nederlandsche Bank (Central Bank) has looked after the general interest of the public sufficiently well and regard the introduction of a political element as both superfluous and undesirable.

The CSB further extends the Minister—currently the socialist Dr. Willem F. Duisenberg who has prepared much of the Bill—powers to turn down any mergers and participations which are considered to be "against the general interest." There could be social, employment or regional development considerations here.

It also provides for the introduction of a system of licences tied to certain conditions for the credit institutions. They will be issued by the central bank and appeal will be possible.

The C.S.B. further extends the so-called "operating supervisory controls" by the central bank to include what are termed capital market institutions—mainly the mortgage banks. Separate similar legislation is currently being worked out for the other institutions in this sector, the investment funds. Minister Duisenberg has also indicated that there are to be discussions on the introduction in the capital market institutions sector by the central bank of a licensing system and "operating supervisory controls" as with the credit institutions.

Any institutions not covered by the "operating supervisory controls" will be prohibited from taking up sums of money from the public of less than Fls.0.1m. per transaction or to mediate in such transactions. The minister feels that the small creditors will thus get sufficient protection, while the professional private placement loan market can continue to operate in view of the restricted size of loans. At the same time, exemptions will be granted for participations in investment institutions and in the field of share issues.

A final major new element in the envisaged new credit control system is the extension of "monetary supervision control" to those institutions engaged in near-banking activities. They already apply to the credit institutions.

A statement released by the Finance Ministry this week in The Hague noted that besides the Central Bank, the Finance Minister will now also in future be able to assess whether mergers and participations by the credit institutions could give rise to any "undesirable developments" in the banking sector. Here, the subject of the formation of power is referred to. Current legislation under which the Central Bank alone will check whether any such transactions are in accordance with a "sound banking policy" from the point of view of solvency and liquidity development will not be altered.

Commenting on his wish to be able to carry out an advance assessment on bids and deals by the credit institutions to make sure that they did not conflict with "general interest," the Finance Minister said that this was in accordance with Government's wish to draw up legislation enabling it eventually to assess in advance all bids and deals in the country.

The new proposals therefore constitute a "first" for the banking sector and they are said by the Ministry to be based in part on the current thinking on merger control by European Community circles in Brussels. The whole subject of preventative merger control is currently also being studied in Holland by the important Social-Economic Council (SER). This body, in which the three social partners—Government, employers and employees—co-operate, is expected to bring out a recommendation to the Government in the not too distant future.

The Finance Ministry's statement has, moreover, indicated that Dr. Duisenberg felt that the reinforced merger/participations control system was particularly important in the light of the banking industry's influence generally on Dutch commerce and industry purely as a result of the nature of their business. "The concentration movement within the banking sector only reinforces that influential position," the Minister stressed.

Referring to the licensing system for the credit institutions, the Bill lays down several conditions. The institution in question must be led by more than one person, have an equity of a minimum of Fls.0.5m. and is compelled to issue an annual report approved by official accountants. And, based again on current European thinking, there is a novel criterium involving the competence of the management and the reliability of the persons laying down, or who help lay down, the policies carried out by the institution.

Finally the CSB grants the Finance Ministry powers to introduce guarantee regulations for creditors (savers, etc) to protect them in the case of failures of any credit institutions. Such a guarantee system could be pushed through if the institutions' representative organisation and the central bank fail to come to such an arrangement in the near future. It was stressed that the recent bank failures abroad had not resulted in any late amendments to the CSB, neither had they been responsible for the last mentioned item of legislation.

Banking circles here in Amsterdam to-day felt that the Bill would no doubt be of use in stamping out non-bona fide small financial institutions—few of which operated in Holland anyway. It was also likely to have a preventative effect.

But although the political element in the new legislation is rejected, there is another reason for the Dutch Banks' relatively mild reception of Dr. Duisenberg's Bill. By the time it comes into force—probably some time next year—the era of consolidation in the banking sector will have already preceded it.

After the spectacular mergers which created Algemene Bank Nederland (ABN) and Amsterdam-Rotterdam Bank (AMRO)—and also in a way the Rabobank Cooperative Group—the latest development in the field of acquisitions was the absorption of Pierson, Heldring en Pierson (PHP) by Amro Bank this year. Although further mergers in the "second league" of Dutch banks can never be ruled out, the Bill could be used in the longer term to check cross-frontier banking mergers or co-operation between the many international banking consortia. More immediately, the Finance Ministry is likely to watch developments on the domestic savings institutions and Giro services market.

Sharp rise by ELF-Aquitaine

By Rupert Cornwell — PARIS, July 8.

ELF-Aquitaine, the State controlled French oil group which comprises ELF-ERAP and Societe Nationale des Petroles d'Aquitaine (SNPA) reported a near tripling of consolidated earnings last year to Frs.1.2[illegible] (£140m.) from Frs.461m. in [illegible]

Less surprisingly, perhaps, group accounts reveal a massive increase in turnover to Frs.28.4bn. (£3bn.) from the previous Frs 12.7bn., entirely due to the soaring price of crude after the decisions taken by OPEC in late 1973.

However the fragility of the group's financial position, which has led it frequently to press for higher authorised selling prices of petroleum products in France, was underscored by the growing gap between its total cashflow and the investment programme it has to finance.

Last year cashflow was [illegible] Frs.5bn., while investment topped Frs.6.2bn., with [illegible] spending figures of Frs.[illegible] and Frs.3bn. for 1973. In [its] monthly newsletter, the group has warned already that it [may] be forced to cut back on capital spending, and conceivably to [sell] assets to raise fresh cash.

At a Press conference, ELF-ERAP President M. Pierre Guillaumat appeared to rule out any early merger of ELF and Aquitaine. Despite much speculation to the contrary, [he] emphasised that the public ownership of ELF and the semi-private status of Aquitaine made such a move very complicated at least for the time being.

However for the first time since its creation in 1966, [ELF] is to pay the Government a dividend, of Frs.50m.

London listing for Brunswick

Financial Times Reporter

K. B. ABERNATHY, president and chief operating officer of Brunswick Corporation, said in London to-day that the company is in four good and growing businesses—medical, marine power, recreation and technical, all on a worldwide basis.

Speaking on the listing of Brunswick on the London Stock Exchange, he also acknowledged that its 1975 first quarter earnings had halved, but gave the impression that he saw better prospects for July/December.

Brunswick operates manufacturing, sales and distribution facilities in Crawley, Dublin, Ballymoney, Beith and Petit Rechain in Belgium.

J. L. Hanigan, Brunswick chairman and chief executive officer, said "capital investment of $223m. during the past five years have positioned Brunswick to take advantage of the turn in the economy when it comes."

"But," he said, "the most important thing we have in place is a young, but experienced management team that is operating the company now and will continue to do so in the years ahead."

In discussing the company's recreation business, Mr. Abernathy pointed out that while many people think of bowling as being Brunswick's principal business, in truth sales of lanes and pinsetters accounted for [illegible] $25m. of the company's $[illegible] sales in 1974. "This is just 3 per cent. of our total sales volume," he said.

However, he said, recreation is still significant to Brunswick with more than 70m. games being bowled in Brunswick-operated centres last year. The business also includes MacGregor sporting goods and Zebco fishing tackle.

Panalpina profits rise

By John Wicks — ZURICH, July 8.

PANPALPINA, the international forwarding agents concern, recorded a 15 per cent. rise in turnover for 1974 to Sw.Fr.1.27bn, and an increase of 14 per cent. in gross profits to Sw.Fr.190m. At a Press conference in the company's new headquarters in Binningen, near Basle, it was stated that the growth rates would have been of 36 and 29 per cent. respectively, had exchange rates remained unaltered during the year. The company, which expects smaller expansion rates for the current year, has just taken over the French company Transports Internationaux, Paris, and the German company Jonemann Transportgesellschaft MBH, Kehl.

U.S. group plans Canadian loan

FINANCIAL TIMES REPORTER

Beneficial Finance International a wholly owned subsidiary of Beneficial Corporation, a Delaware corporation, is offering $C20m. five-year notes in the Eurobond market. The notes will be unconditionally guaranteed by Beneficial Corporation.

An international underwriting syndicate headed by Blyth Eastman Dillon International will market the notes. It is believed that this will be the first Canadian dollar issue in the Eurobond market by a non-Canadian issuer.

*

The Industrialisation Fund of Finland (Teollistamisrahasto Oy), intends to float an 8¼ per cent. 15 year Bond issue of Sfrs. 40m. with the joint and several guarantee of the Republic of Finland. Headed by Banque Gutzwiller Kurz Bungener, and as co-managers Credit Commercial de France (Suisse), Bankers Trust and Credit Lyonnais (Agence de Geneve), a banking syndicate has underwritten this issue and will offer it for public subscription from July 11 to 18, at the issuing price

*

Electricite de France's 50m. Special Drawing Right (SDR), eight-year notes issue has been priced at par bearing 9 per cent., one of the underwriters said. The French Government-guaranteed notes were underwritten by a syndicate led by Kredietbank Luxembourgeoise and Credit Commercial de France. (AP-DJ)

*

Sumitomo Metal Industries DM100m. seven-year loan will carry an 8¾ per cent. coupon and have an issue price of 99 per per cent., lead manager Deutsche Bank said.

Other News

Hk Electric may drop offer if rejected

● Hongkong Electric will have to consider withdrawing its offer for Hong Kong and China Gas if the gas company does not recommend the offer to shareholders, Jardine Fleming director Nicholas Sibley said. Hongkong Electric does not want an acrimonious situation to develop, he said, and would not resist if the gas company decided to put up a fight. Jardine Fleming together with Wardley is advising the Hongkong Electric.

At present Hongkong Electric is waiting for a final recommendation to shareholders from Hongkong Gas, he said. The gas company has already said that at first sight the bid appears inadequate and advised shareholders not to dispose of their shares for the time being.

● An agreement in principle to merge Richard D. Irwin, college textbook publisher, with Dow Jones, publisher of the Wall Street Journal and other publications, was approved by the boards of directors of the two companies. Under the merger proposal, Irwin shareholders will receive 1.03 shares of Dow Jones common stock for each share of Irwin stock. Dow Jones presently owns 31.2 per cent. of Irwin's common. The remaining Irwin shares will be acquired by the issuance of approximately 1m. shares of Dow Jones common. On the basis of recent quotations for Dow Jones stock, this would amount to about $30m.

● Du Pont said the total estimate of damages from the fire which gutted the manufacturing area of its only cellulose sponge-manufacturing plant at Columbia, Tenn., last Thursday "will run into several millions of dollars." It said production is being curtailed indefinitely. The 200 workers in the Sponge area have been told not to report until further notice.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	99	100
Ashland 8pc 1987	91½	92½
Austraswiss 8pc 1987	90	91
BFCE 9pc 1989	98	99
Borregaard 8½pc 1989	95	96
Carrier 8pc 1987	90½	91½
Conoco 8pc 1986	96½	97½
Consol. Foods 7¾pc 1991	87	88
Cutler Hammer 8pc 1987	92	93
EIB 9½pc 1985	101½	102½
Esso 8pc 1986 Nov.	98	99
General Cable 8½pc 1987	89	90
General Motors 8½pc 1986	102½	103½
GTE 8½pc 1986	97½	98½
ICI 7½pc 1992	77	78
Nat. Grindlays 7½pc 1987	74½	77½
Pacific Light 8pc 1988	90½	91½
Prov. of Quebec 7½pc 1988	88½	89½
Quebec Hydro 8½pc 1989	97	98
Queensland 8½pc 1987	98	99
Scanraff 8½pc 1988	95½	96½
Shell 8pc 1986	97½	98½
Stand. Oil (Inc.) 8½pc 1988	99	100
Tenneco 7¾pc 1987	87	88
Transocean 8pc 1988	9[illegible]	[illegible]
TRW 8½pc 1986	96	97
Utah 8pc 1987	92	93
Volvo 8½pc 1985	99	100

NOTES	Bid	Offer
Air France 9½pc 1982	101½	102½
Australia Ind. 10½pc '81	103	104
Barclays 7½pc 1979	96	98
Cie Natl. Rhone 10pc 1982	102½	103½
Du Pont 7½pc 1978	102	103
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1976	101	102
Marubeni 9½pc 1982	101	102
Nippon Fudosan 10½pc 1981	102½	103½
Skandinaviska E. 10½pc '81	103	104
Tenneco 7¾pc 1979	98½	99½
Tokyo Curacao 10½pc 1981	102½	103½

Source: White Weld Securities.

CONVERTIBLES	Bid
American Express 4¼pc '87	80
Ashland 5pc 1988	88
Beatrice Foods 4¼pc 1992	94½
Beatrice Foods 4½pc 1992	100
Borden 5pc 1992	92
Broadway Hale 4½pc 1987	72
Canon Camera 7½pc 1988	95
Carnation 4pc 1987	86
Chevron 5pc 1988	98
Dart 4½pc 1987	88
Eastman Kodak 4½pc 1988	114
Economic Labs. 4¾pc 1987	84
Eldai 7½pc 1989	95
Ford 6pc 1986	85
Ford 5pc 1988	73
Fuji 6½pc 1983	109
General Electric 4¼pc 1987	86
Gillette 4¾pc 1987	78
Gould 5pc 1987	83
Halliburton 4¼pc 1987	133
Harris 5pc 1992	66
Hitachi 6¾pc 1984	103
Honeywell 6pc 1986	79
ITT 4½pc 1987	68
Komatsu 6½pc 1984	204
J. Ray McDermott 4¾pc '87	155
Mitsui 8¼pc 1989	130
J. P. Morgan 4¼pc 1987	130
Motorola 4½pc 1988	134
Owens Illinois 4½pc 1987	87
J. C. Penney 4¼pc 1987	87
Pioneer 6½pc 1989	140
Rand Selection 6½pc 1986	104
Rank 4½pc 1993	42
Revlon 4¼pc 1987	87
Sperry Rand 4¼pc 1987	96
Squibb 4½pc 1987	97
Toshiba 6½pc 1983	120
Union Carbide 4½pc 1982	105
Warner Lambert 4½pc 1987	83
Warner Lambert 4½pc 1988	79
Xerox 5pc 1988	75

Source: Kidder Peabody Securities.

مكتبة ابن الاصول

COMPANY NEWS

Good start by Cohen 600 Group

SIR JACK WELLINGS, chairman, reports that the George Cohen 600 Group has started the current year well, and he looks to a satisfactory year.

Order books in most group companies are healthy, he says, and the manufacturing companies, *both at home and overseas*, are "very strongly entrenched" in world markets.

The records achieved by all divisions last year give Sir Jack confidence, but he feels it would be rash to predict results at this *time with so many imponderables*, very high inflation, and the "far from satisfactory" business climate at home.

As reported, group pre-tax profit increased by 80 per cent. to £10.2m. for the year to March 31, 1975 and the gross dividend is lifted from 9.43 per cent. to the presently permitted maximum of 10.22 per cent.

During the year, direct exports from the U.K. surged forward from the previous year's £19.1m. peak to a fresh record of £31.2m., a *rise of 63.8 per cent.* The machine tool division and the engineering division virtually doubled their figures.

Sir Jack also draws attention to the continuation of improved trading results and of the "solid growth" of the overseas machine tool companies in South Africa, Australia, Canada and the U.S.

During the year to finance the capital programme and the working capital requirement of the *substantial increase in turnover*, the directors arranged medium-term loans with County Bank of £5m., repayable between the end of 1977 and the end of 1980. Additionally they arranged an extension in terms of Acceptance Credit facilities through J. Henry Schroder Wagg and Co. and an increase of £1½m. therein. Also arranged were further facilities for three overseas companies to assist them to finance big increases in throughput.

Sir Jack says they have been able to retain thereby maximum flexibility to deal with some of the problems which lie ahead not least of which may be the effects of the current high rate of inflation.

The source and application of funds statement shows a net decrease in liquid funds for the year of £4.8m. (£549,000). Working capital increased by £18.2m. (£2.7m.).

It is proposed to change the name of the parent company to The 600 Group. The group operates as machine tool makers, engineers, steel distributors, scrap processors, etc.

Chairman's statement Page 21

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims—Anglo American Securities, Birmingham Pallet.

Finals—Alliance Alders Paper and Packaging, Associated Leisure, Associated Newspapers, Braby Leslie, Bristol Evening Post, Celestion Industries, Concrete, International Timber, Jacksons Bourne End, Morgan Edwards, Progressive Securities Investment Trust, John Waddington.

FUTURE DATES

Interims—	
Adams and Gibbon	Aug. 4
British Sugar	July 31
St. Andrew Trust	Aug. 1
Wearra Group	July 11
Finals—	
Braham Millar Group	July 16
Bridgewater Investment Trust	July 14
F.M.C.	July 15
Hampson Industries	July 14
Rosgill Holdings	July 22
Ward and Goldstone	July 23
Wearwell	July 14

Rediffusion well placed for growth

IF SIGNS were to appear of a return to normality, the Rediffusion group could expect to show *further improvement over the* current year, states chairman Sir John Spencer Wills.

Some of the group's businesses — TV rental in particular — are especially sensitive to price increases, which are now inevitable. This may have some effect on the pattern of trading, and the high VAT rate will certainly have some effect on its volume, warns Sir John.

"On the brighter side, however, there is still a large market for the colour television set."

The Redifon companies hope to do better still. Their continuing expansion should offset any slowing down in the group's television set business resulting from Government measures, "provided that cost inflation at home does not price Redifon out of the overseas markets in which the majority of its products are sold."

The overseas companies can be expected to produce a reasonable profit, except for the new operation in Hong Kong. And by this time next year "we shall be within sight of the end of our dependence upon outside finance for foreseeable developments in *our principal businesses in the* U.K. says the chairman.

As reported group pre-tax profit improved from £13.92m. to £14.38m. in the year ended March 31, 1975. The net dividend of this British Electric Traction subsidiary is 3.572p (3.287p).

Sir John explains that the group profit would have been considerably better but for the setback in Hong Kong, where the new television broadcasting company is still operating at a substantial loss.

Because of the losses the company needed a substantial injection of further working capital. This was provided after March 31, 1975, by an issue of convertible loan stock which was taken up by a majority of the holders.

During the year Rediffusion added to its investments in the U.K., Australia, Canada, Germany, Holland, South Africa and Spain. The increase in U.K. investment would have been much greater if controls on rental and hire purchase had not denied some people the opportunity of acquiring colour TV sets.

The licensing arrangements under which the group has enabled and assisted Barlows Manufacturing Company of South Africa to make television sets are working well. Substantial payments have been received as part of the royalty agreement and Rediffusion will continue to receive royalties on the sets they make.

During the year there were ex-gratia payments to former directors of £15,000 (£5,000).

Meeting Connaught Rooms, WC, July 30 at 12.15 p.m.

Chairman's statement Page 23

Optimism at Minster Assets

THE HOPE for 1975 is that companies in the Minster Assets group will do even better than last year, says the chairman Mr. A. R. McGibbon.

Current trading in the three insurance divisions is satisfactory, although it would not be realistic to expect them to show the rate of profit increase achieved last year.

There should be a further improvement at British Midland Airways, when interest charges should also be considerably lower following a reduction in borrowings.

In 1974, the group achieved a profit of £5.14m. (£2.89m.) and is paying a dividend of 2.73p (2.52p), as reported on June 12.

Meeting, Abercorn Rooms, E.C., July 30 at noon.

Good potential at Patent Industrial

Looking at the future for Patent Industrial Holdings chairman Mr. A. M. Wheeler says most of the costly reorganisation is now done and he considers the operating companies retained have a good profit potential, particularly so once the country returns to a more normal economic situation.

The sale of the interest in Birmingham Associated Chain has helped the working capital situation and the immediate policy must be to work within current facilities.

This, and the phasing out of capacitor production in South Wales, will now allow management attention and group finance to be concentrated on developing other subsidiaries as a group of medium sized engineering companies, Mr. Wheeler states.

In 1974, the group earned a profit of £4,878 (£12,911) before exceptional debits of £131,531 which included £113,000 written off debtors and stocks of capacitors and electric motors. Below the line there were charged extra-*ordinary debits of £135,000 which* took in £100,000 provision for costs of phasing out production of capacitors.

Hill Samuel holds some 20 per cent. of the Patent Ordinary. Meeting, Birmingham, August 1 at 11 a.m.

Pilkington–ACI net loss

Pilkington-ACI incurred a net loss of $A4.64m. for the year ended March 31, 1975, against a previous profit of $A3.41m. on sales of $A43.8m. compared with $A40.5m.

The profit is struck after tax nil ($A1.04m.) and depreciation $A3.07m. ($A1.66m.).

The company, which is owned equally by Australian Consolidated Industries and Pilkington Brothers of the U.K., said the loss was caused by a severe reduction in local demand for flat glass products which coincided with a substantial increase in low-priced glass imports.

WINDING-UP ORDERS

Orders for the compulsory winding up of 32 companies were made by Mr. Justice Templeman in the High Court on Monday. They were—Revival Records, N.C.P. Packing and Shipping, Mayreen, Mayfare Stores, B. and H. International Travel Services, Frettitalia, D. G. White and Co. (Builders), Thames T. Transport Company (Container Services) and Hallenden (Whisky Brokers).

Vehicle Operator Services, Bacal Oil, Medical Buying Services, Hammer International Transport, Conmasters, Deligrange, Maustone Properties, Merchants (Milford Haven), Reywood Heating Co., Marathon Machines, Volecrest, and Brushdean Estates.

Aicliffe Publishing Company (Manchester), Bacal Contracting (Holdings), Carlo and Alfonso, Radiant Developments, Northern Roofing Co., Anthony Steer P.R., Breadheads, Gillingham Insurance Brokers, Curraweena, Newbury Industrial Holdings and Adkins and Thomas.

APPOINTMENTS

RESIDENTIAL PROPERTY

LONDON HOUSES AND FLATS

LEGAL NOTICES

No. 002188 of 1975

IN THE HIGH COURT OF JUSTICE, Chancery Division, Companies Court. In the Matter of MICHEAL LEIGH (BROMLEY) LIMITED and in the Matter of the Companies Act 1948.

Notice is hereby given, that a PETITION for the WINDING UP of the above-named Company by the High Court of Justice was on the 20th day of June 1975, presented to the said Court by Micheal Leigh Rothman, of 247 Walworth Road, London, S.E.17, clothing merchant, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 28th day of July 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MICHAEL CONN & CO., 34 Queen Anne Street, London, W1X 6AX, Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 25th day of July 1975.

COMPANY NOTICES

NATIONAL WESTMINSTER BANK LIMITED

NOTICE TO PREFERENCE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a dividend of 2.45p. per share for the half-year ended 30 June 1975 will be paid on 29 August 1975 to holders of the Cumulative Preference Shares registered in the books of the Company at the close of business on 25 July 1975.

By Order of the Board.
H. G. ALLEN, Secretary.
41, Lothbury,
London, E.C.2.
8 July 1975.

AFC INVESTMENTS LIMITED

(Incorporated with limited liability in the Republic of South Africa)

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books and Register of Members will be closed from 26th July to 1st August, 1975 both days inclusive, for the preparation of warrants in respect of the Final Ordinary Dividend for the year ended 30th June 1975.

By order of the Board
AFRICAN FINANCE CORPORATION LIMITED.
London Secretaries.
Per: A. T. TICKNER.
London Office:
62 London Wall, EC2R 7JT.
7th July, 1975.

PUBLIC NOTICES

CITY OF MANCHESTER BILLS amounting to £8,500,000 are to be issued on 9th July, 1975, for maturity on 8th October, 1975. The total amount applied for was £58,000,000. The maximum rate accepted was 9⅙% and 52.34% were allotted at this rate. The average price of the bills issued was £97.6221.

The total amount of bills outstanding will be £8,500,000.

CLEVELAND DISTRICT COUNCIL BILLS £10,000,000 offered and issued 7.7.75 at an average rate of 9.39164%, due 8.10.75. Applications totalled £32.5m. and total bills outstanding Nil.

CONTRACTS AND TENDERS

TAYSIDE REGIONAL COUNCIL
Headquarters Building
Landfall Area, Dundee
CARPETING CONTRACT

Contractors are invited to submit their names for consideration in the compiling of a select list of suitable firms. The work of supplying and laying carpet is of the order of 10,000 square meters and is expected to be completed by January 1st, 1976. Contractors who wish to be considered, should apply, giving details of their experience in office carpet provision, by 4.00 p.m. on Friday 18th July, 1975.

A. H. Martin
Chief Executive Officers
Tayside Regional Council
5 Whitehall Crescent
Dundee.

CORPORATION LOANS

Tunnel in strong liquid position

MR. J. D. BIRKIN chairman of Tunnel Holdings, warns in his annual statement, against the figures for the second half of last year being taken as an indication of likely profit levels for the current year.

Pre-tax profit for the full year to March 30, 1975, reported June 13, fell £478,000 to £4.12m. after a decline from £2.4m. to £1.09m. at halfway. The dividend is lifted from 7.4925p to a maximum permitted 8.1357p net.

The chairman explains that the contrast between the two halves of the year is due to a number of factors of which the most important was the increase in cement prices.

In the present state of economic uncertainty he says he does not think it would be wise to make any forecast for the current year.

He adds that coal price rises have already eroded benefits of the conversion from oil to coal at the Padeswood Works and inflation in all areas continues unchecked.

There are no signs of any improvement in demand or that the Government will, or can, take steps to alleviate the current construction industry situation, which leaves the cement industry operating in the region of only 75-80 per cent. of capacity.

The company continues to work at a disadvantage in relation to other cement manufacturers because of the energy purchase price distortions still existing between them, Mr. Birkin points out. There are grounds, however, for believing that these significant differentials will be phased out. This situation in turn will also remove the cost penalty which at present would be incurred should interruption of gas supplies take place.

The liquidity position remains "strong" and the Board considers the economic uncertainties to be such as to make it essential that every effort is made to maintain this strong liquid state.

A statement of source and disposals of funds shows a net cash outflow of £976,000 (inflow £138,000) and cash and deposits in hand at the end of the year of £4.45m. (£5.42m.).

Further increases in selling prices are inevitable declares Mr. Birkin but these are vital to the company's continuing operations.

At June 3 Thos. W. Ward was beneficial owner of £191,090 of "B" Ordinary and 2.74m. "C" Ordinary, entitling it to 29.99 per cent. of the votes attached to the issued Ordinary capital.

Notes to accounts show a £15,000 ex-gratia payment to a past director. Meeting, 21, Tothill Street, S.W., on July 31 at 12.30 p.m.

● comment

Since the preliminary statement last month, Tunnel Holdings' share price has been on the retreat though there was a plus movement of 7p last night to 120p. The tone of the chairman's remarks on immediate trading prospects hardly bears out that sort of enthusiasm, but the strength of the balance sheet is certainly worth noting. The company still has cash and short term deposits of £4.45m., against £5.42m. the previous year. The company argues that on latest market valuations there is the equivalent of 160p per share in "quick assets"; total asset value in the accounts is twice the share price—all of which is a comforting thought and supports a 10.4 per cent. yield.

Chairman's statement Page 19

Ellerman jumps by £3.2m.

THE GROWTH in profits revealed by Ellerman Lines in the first half of the year — from £2.6m. to £4.57m. — has, as expected, been sustained in the second six months, giving a total for 1974 up from £5.95m. to £9.15m. Margins improved from 10.8 per cent. to 11.1 per cent. of turnover.

Chairman Mr. D. Martin-Jenkins explains that as a shipping based group "which we intend to remain despite diversification projects," Ellerman was able in 1974 to take advantage of the increasing volume and value of world cargoes and the conscious decision to avoid investment in oil tankers has proved correct.

As regards the current year he does not foresee a profit of less than £4m. in the first half but beyond that he cannot predict.

Earnings for 1974 per £1 Deferred stock are up from 63p to 87p. The dividends on the privately held Deferred is a maximum permitted 4.303p (4.22p).

	£000 1974	£000 1973
Turnover	82,100	54,939
Turnover	82,100	54,053
Share profits assocs.	1,191	640
Investment income	[illegible]	7,165
Net losses invests. sale	919	211
Finance charges	1,495	2,642
Profit before tax	9,146	5,941
Taxation	5,496	3,367
Net profit	[illegible]	[illegible]
Minorities	61	33
Net profit	3,307	2,628
Extraordinary debits	642	240
Attributable	2,935	2,380
Dividends	341	225
Retained	2,694	2,158

Referring to group investment plans Mr. Martin-Jenkins says that most of the market value of the company's assets, which exceed book values, is available as security and the group can, therefore, increase borrowings in order to invest in areas which are best suited to its skills.

"We are concerned that our surplus cash should not lie uninvested in working assets." New investment areas include shipping, with emphasis on new types of ships to counteract the cargo cycles to which we are exposed at present, transport and forwarding, energy and leisure, says the chairman.

During the year the group had a net inflow of liquid funds of £3.88m. (£7.31m.).

At December 31 freehold properties of the company, which are included in the balance sheet at £2.7m. had, in the opinion of the directors, an estimated value of £11.5m.

Meeting 12-20 Camomile Street, E.C., July 31 at noon.

Haslemere chairman confident

THE CONFIDENCE of chairman Mr. F. E. Cleary in Haslemere Estates' ability to face and take advantage of changing situations has been fully justified, he tells members and the directors again face the future "with every confidence."

The first quarter of the current year has been one of considerable activity in which a number of substantial lettings and sales have been effected.

There is a "healthy" demand for properties that Haslemere is offering and Mr. Cleary believes the U.K. decision to remain within the EEC can only be to the company's advantage.

As reported on June 20, taxable profit improved from £1.05m. to £1.24m. in the year to March 31, 1975 and the dividend is the maximum permitted 2.4425p (2.2491p) net.

Basic net assets per share are given as £2.61 (£3.68) and fully diluted at £2.43 (£3.14).

Net rental revenue at £4.62m. compared with a midway forecast of £4.5m. and £4.12m. for 1973-74. It is anticipated the figure for 1975-76 will exceed £5.5m.

Property trading profits at £2.41m. comfortably exceed the December, 1974 forecast and should be at least maintained in the current year, states the chairman.

As at June 8, Hill Samuel Life Assurance held 3.76m. and Phoenix Assurance 2.6m. Ordinary shares. Meeting, 4 Carlos Place, W., on July 31 at noon.

Chairman's statement Page 23

Better second half for Toothill

From sales—excluding VAT—for the year to March 31, 1975, of £2.16m. compared with £2.18m., furniture manufacturers, R. W. Toothill reports a fall in pre-tax profit from £244,325 to £159,027.

At halfway when reporting a drop from £145,422 to £19,093 the directors said that although profits for the full year would be down they would be reasonably satisfactory bearing in mind the trading conditions which the company had experienced.

Earnings per 25p share for the year are shown to be down from 16.75p to 10.16p. The dividend is stepped up from 3.57p to 3.78875p, the maximum permitted, with a final of 2.61025p net.

COMPANY NEWS IN BRIEF

ACHARAM TEA—Results for 1974 reported already. Fixed assets £178,462 (£174,348), net current assets £39,321 (£34,944). Crop prospects for current year are fair but less favourable than same time last year—at end April production was 11 per cent. down. Meeting, Glasgow, July 23 at 11 a.m.

AGDA INTERNATIONAL.—Confirmed that delay in sending 1974 report and accounts is due to completing of the audit on trading subsidiaries in France, Holland and Denmark, whose books are kept by local auditors. Group's auditors now have all material to be able to complete consolidation of the group accounts within two or three weeks, and then two to three weeks would be required for the printing.

AMBER INDUSTRIAL HOLDINGS (aerosols, refractory fittings and tubular products)—Results for year to March 31, 1975 reported June 21. Group fixed assets £623,353 (£619,010). Current assets £562,231 (£472,353). Current liabilities £447,408 (£444,176). Ultimate holding company Caledonia Investments. Meeting 2, St. Mary Axe, E.C., July 23 at 2.30 p.m.

AMBROSE INVESTMENT TRUST—Results for year ended March 31, 1975 reported June 7. Investments at valuation £3.62m. (£3.80m.). Net assets £3.64m. (£3.92m.) equal to 42.92p (51.46p) per share. Current year's income should be sufficient at least to maintain 2.9p net dividend. Continue policy of investing in smaller companies with higher than average yield. Meeting, Moorgate Place, E.C., July 31, at 12.30 p.m.

E. AUSTIN AND SONS (LONDON)—material handling and warehousing; manufacture of industrial clothing cloths—Results year ended March 31 1975, reported June 21. Group fixed assets £1.15m. (£1.09m.), net current assets £211,974 (£112,941). Business climate affecting current trading and would be unrealistic to expect turnovers and margins to be maintained while it lasts. Meeting, Winchester House, E.C., July 24 at noon.

BET OMNIBUS SERVICES (in BET Group)—Results year ended March 31, 1975, reported June 23. Group fixed assets £18.97m. (£14.58m.), goodwill £10.38m. (£10.81m.) and associate interest £11.05m. (£9.73m.). Current assets £13.37m. (£11.96m.) and liabilities £16.98m. (£11.43m.). Meeting, Stratton House, Piccadilly, W., July 23, at 3 p.m.

J. BILLAM (cutlery and engineering)—Results for 1974 reported June 5 with observations on prospects. Group fixed assets £380,007 (£376,111). Net current assets £241,193 (£148,575). Meeting Sheffield, July 22, noon.

JOHN BOOTH & SONS (BOLTON)—Results for year ended March 31, 1975, already known. Group fixed assets £416,392 (£420,982). Net current assets £539,649 (£419,348). The current order book, although less than at this time last year, should keep the company reasonably well employed into the early months of 1976. Meeting, Manchester on July 30 at 3 p.m.

BORHAT TEA—Results for 1974 already reported. Fixed assets £187,968 (£181,843), net current assets £104,059 (£56,470). Season has started well and at April 30 crop was ahead in comparison with last year. Prospects appear reasonably good. Meeting, Glasgow, July 25 at 11.10 a.m. James Finlay owns 47.1 per cent. of capital.

BRITISH AND AMERICAN FILM HOLDINGS—Results for 1974 reported June 23. Investment in subsidiaries £219,554 (same) less current indebtedness £355,281 (£382,957). Other investments £842,578 (£744,113) and net current liabilities £374 (assets £226,979). At May 30, cash and investments at valuation totalled £1.6m. Production programme continues to be directed towards world market. Meeting, 113, Park Lane, W., July 21 at 12.30 p.m.

BRUNNING GROUP (advertising agents, etc.)—Results for year to March 31, 1975, reported May 22 with observations on prospects. Group fixed assets £1.23m. (£1.1m.). Net current assets £1.2m. (£1.06m.). Meeting, 100, Whitechapel Road, E., on July 24 at 12.15 p.m.

CAFFYNS (automobile agents and engineers)—Results, year ended March 31, 1975, reported June 17. Group fixed assets £3.82m. (£3.73m.), net current assets £1.38m. (£0.88m.). In first two months of current year turnover compared very favourably with last year, but now definite sign of falling off in vehicle sales. Should receive substantial exceptional amount from compulsory acquisition. Company owns over 100 flats and houses but unlikely to be good investment in future. May well prove more profitable to have greater proportion of assets in stocks rather than property. Meeting, Eastbourne, July 23, at 3 p.m.

CENTURY OILS—Results year ended March 31, 1975, reported June 12 with 1-for-4 rights issue. Group fixed assets £2.27m. (£2.63m.), net current assets £1.37m. (£1.04m.). General trading position is strong. Meeting, Hanley, July 24 at noon.

CESSNOCK HOLDINGS (Tea Plantations)—Results year to November 30, 1974 reported May 31. Group fixed assets £3.39m. (£3.47m.). Net current assets £770,000 (£305,000). Interests in associates £2.96m. (£2.77m.). Consolidated Tea Holdings 31.2 per cent. of the company's capital, James Finlay 18.4 per cent. and Teith Holdings 33 per cent.

CHEPSTOW RACECOURSE—Dividend 2p (4p) net for 1974. Turnover £232,603 (£183,785). Profit before tax £13,032 (£27,143). Profit after tax £5,958 (£15,843).

CHUBWA TEA—Results, year to November 30, 1974, reported July 4. Fixed assets £638,894 (£609,530) and net current £402,304 (£371,219). As soon as profit remittance is received from India consideration will be given to Ordinary dividend payment—however, remittance not available for some considerable time. James Finlay holds 28.5 per cent. of the Pref. capital and 41.9 per cent. of the Ordinary. Meeting, Glasgow, July 25 at 11.30 a.m.

A. COHEN (makers of non-ferrous metal ingots, etc.)—Results for 1974 reported June 30. Group fixed assets £2.65m. (£2.74m.), net current assets £3.78m. (£2.97m.). Chairman says current profits bound to be lower. Meeting 3, Waterloo Place, St. James, S.W., July 31 at noon.

COMPCO HOLDINGS—Pre-tax profit £16,848 (loss £6,532) for six months to September 25, 1974. Tax £11,058 (£10,191). Profit after tax £5,790 (loss £16,723). Board state that group profit for second half of year ended March 25, 1975 is anticipated to be of substantially the same order as that earned in the first half.

CONSOLIDATED TEA AND LANDS—Results, year to Nov. 30, 1974, reported May 31. Group net current assets £2.2m. (£1.6m.), fixed assets £6.4m. (same), interests in associates £2.5m. (£3.1m.). James Finlay holds 30.22 per cent. of the Ordinary, 28.48 per cent. of the First Preference and 35.69 per cent. of the Second Pref., and McLeod Russel and associates 13.5 per cent. Ordinary and 14.00 per cent. First Pref. Meeting, Glasgow, July 24, at 11 a.m.

WILLIAM COOK AND SONS (SHEFFIELD) (makers of steel castings)—Results year ended March 31, 1975, already reported. Fixed assets £1.08m. (£0.95m.) and net current assets £23,311 (£54,704). Foundry now working at only 60 per cent. of capacity because of continued contraction of order-book. Most unlikely any upturn can be expected before late autumn. Meeting, Sheffield, July 24 at noon.

DARTMOUTH INVESTMENTS (heating and ventilating engineers, etc.)—Results, year to March 31, 1975, and 1-for-5 scrip issue, reported June 11 with remarks on prospects. Group fixed assets £673,413 (£543,735) and net current assets £144,969 (£108,229)—overdrafts £333,506 (£254,563). Meeting, Birmingham, Aug. 1, noon.

JAMES DAWSON AND SON (makers of high quality belts for industry)—Results, year ended March 31, 1975, reported June 30. Fixed assets £518,636 (£539,562), net current assets £1,442,518 (£1,228,643). Chairman says prospect for immediate future not bright and must expect orders to be affected. Excessive ordering in past, followed by lack of confidence, has produced marked downturn. He hopes that second half will see a return of confidence and renewed ordering. The company is close. Meeting, Lincoln, July 25, at noon.

DIMPLEX INDUSTRIES (electrical appliances, controls etc.)—Results, year to March 31, 1975, and chairman's remarks, reported June 21. Group net assets £5.64m. (£4.79m.)—inflation accounts show £7.98m. (£7.02m.) on CPP basis. Having come through worst crisis in its history, group now restructured to meet difficult challenges that still lie ahead. Meeting, Southampton, July 23 at 11.30 a.m.

GEORGE DOLAND (tailors and outfitters)—Results for year to January 31, 1975 reported May 30. Group fixed assets £385,896 (£339,532). Net current assets £985,950 (£799,602). The chairman hopeful that group's turnover will benefit from improvements made to number of branches that have been and are being completed. Directors continuing to search for new individual units or groups of shops and several negotiations currently in progress. Since January 31 turnover has remained sufficiently buoyant to deal with increased overheads arising from continuing inflation of costs. However, directors do not consider it prudent to make a forecast for the current year. Meeting, Winchester House, E.C., on July 24, at noon.

DOMINION & GENERAL TRUST—Results for year to April 30, 1975, already known. Valuation of quoted investments £7.93m. (£6.77m.). Unquoted as valued by directors £43,543 (£35,743). Meeting, Edinburgh on July 29 at noon.

DORANAKANDE RUBBER ESTATES—Final dividend 0.715p making 0.9825p net for 1974 (0.912p). U.K. results were—pre-tax profit £20,948 (£12,427); share of associates loss £18,314 (profit £4,320); tax £3,599 (£8,519), leaving loss £2,065 (profit £8,228). Loss per 10p share 0.21p (earnings 1.00p).

R. A. DYSON (trailer makers)—Results year ended March 31, 1975, reported May 22. Fixed assets £72,736 (£85,078), net current assets £487,194 (£426,514). Order book still very satisfactory, although absence of healthy home market creates production difficulties from time to time. Exports sure to dominate sales in current year. Meeting, Liverpool, July 17 at 12.15 p.m. Company is "close."

ENGLISH AND INTERNATIONAL TRUST—Results year ended April 5, 1975, reported June 27 with net asset value. Investments at valuation £8.43m. (£9.1m.), deposits and current accounts £1.29m. (£1.9m.). Now only some 38 per cent. of portfolio held in U.K. Board feel this is in long term interests of shareholders because, although initial yield is lower, rate of growth of dividend income should be greater abroad than here. Meeting, 117, Old Broad Street, E.C., July 24 at 2.30 p.m.

ROBERT FARNWORTH (manufacturer of warp knitted fabrics)—Results year ended March 29, 1975, reported June 6. Fixed assets £290,890 (£300,325), net current assets £318,678 (£258,702). In present trading atmosphere first-half figures will be disappointing, says chairman. Seems likely that the autumn will see revival and company feels well placed to take advantage of this. Meeting, Bolton, July 25 at 11.30 a.m.

FRASER ANSBACHER—Results for year ended March 31, 1975, reported on June 9. Group fixed assets £198,924 (£153,791). Current assets £47.82m. (£55.35m.). Current liabilities £43.79m. (£54.2m.). Meeting, 1, London Wall, E.C., July 24, at noon.

W. AND J. GLOSSOP (Public Works Contractors)—Results year ended January 31, 1975, reported May 29. Group fixed assets £1.11m. (£0.7m.), net current assets £0.98m. (£1.09m.). With the enlarged group and profits accruing from businesses acquired from ANSLO American Asphalt, in spite of shortage of surfacing and small engineering contracts being offered for tender, "we can reasonably hope that we shall continue to hold our own," says chairman. He is not too pessimistic. Meeting Halifax, July 23 at 11.30 a.m.

HEADLAM SIMS AND COGGINS (footwear makers)—Results year ended January 31, 1975 reported June 20 with 1-for-3 rights issue. Group fixed assets £96,728 (£65,641), net current assets £424,371 (£341,215). Manufacturing unit working to capacity this year and wholesale distribution maintaining progress. Meeting, 5, Albemarle Street, W., July 25 at noon.

L.E.T. HOLDINGS—Results for 1974, already known. Group current assets £381,722 (£86,692), current liabilities £321,807 (£329,274). Investments £1.48m. (£2.57m.). Meeting, Electra House, W.C., July 21, at 10 a.m.

INCLEDON AND LAMBERTS—Results for year to March 31, 1975, reported June 21. Group fixed assets £3.13m. (£2.60m.). Net current assets £988,868 (£794,935). Meeting, Birmingham, on July 21, at 2.30 p.m.

A. E. JENKS AND CATTELL—Interim 0.725p (same) net for the six months ended January 31, 1975, at a cost of £6,320. Sales £2,490,000 (£1,860,000). Profit £54,800 (£51,000) before tax £28,900 (£26,500). By reason of seasonal nature of a substantial part of activities, profits for the second half normally exceed the first.

KINTA KELLAS RUBBER ESTATES—Final dividend 0.99p making 1.443p year to March 31, 1975 (1.358p). Turnover £701,571 (£905,154). Profit £233,570 (£384,912), including tin tributes £97,370 (£64,052) and investment income £58,719 (£28,112), and after replanting and replacement expenditure £57,425 (£40,159). Tax takes £133,744 (£203,692), leaving net profit £99,826 (£181,220). Dividends £37,025 (£54,537). To general reserve £42,666 (£126,524), forward £30,894 (£30,759). Earnings per share 2.42p (4.39p). Meeting, September 11.

LEIGH INTERESTS (disposal, treatment and recovery of waste; builders merchants)—Results for year to March 31, 1975 reported June 27. Group fixed assets £913,461 (£735,623). Net current assets £263,202 (£274,069). Chairman foresees continuing expansion. Meeting Birmingham, August 5 at noon.

Entertainment Guide

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FINANCIAL TIMES SURVEY

Wednesday July 9 1975

RISK MANAGEMENT

Risk management—or risk control, as it is also known—aims at savings in insurance premiums by first defining and then minimising areas of industrial risk. The concept, long recognised in the U.S., has made slow headway in this country, but recent developments such as the new Health and Safety at Work Act should provide a boost.

Getting the message across

THE CONCEPT of risk management has yet to gain total recognition from British industry. There are a number of likely reasons for this. First of all, the principal purveyors are either insurance brokers, or subsidiaries of brokers, and therefore there is the suspicion that this is just insurance being sold under a fancy guise. Secondly, and perhaps more important, management has yet to appreciate that risk is a major threat to earnings. Companies, by and large, are perfectly prepared to go on buying insurance in massive quantities to cover against risk and are equally willing to accept that they will not receive anything like their premium outlay back in the way of claims. It is not unusual for a company to pay ten times the cost of mishaps each and every year. And when a company feels smug, having had claims exceeding its premium outlay in a year, that feeling is likely to die rapidly next year when it is time for renewals and premiums are "adjusted." Nevertheless, for some reason this is deemed acceptable.

Discipline

To the converted, risk management is a management science. It seeks not to discredit insurance but to insure only what is necessary. The risks are attacked first, and either eliminated or reduced, and the financing of the rest (normally by insurance) comes in at a much later stage. The savings achieved in premiums as a result of a different approach to risk can be enormous. What it demands from management, however, is time, a little more discipline and often the acceptance of a certain amount of uncovered risk. In other words, management has to accept that the handling of risk is much wider than just the purchase of insurance. And, furthermore, it is not sufficient to dump the responsibility for risk management on the insurance buyer—there are two quite different subjects involved.

Probably the model for the U.K. is North America where risk management has been recognised for 30 years or more. Here, there are properly developed training facilities and full-time courses are run by the universities. It is a fact that the American universities—as opposed to the insurance companies—have been largely responsible for developing the theories of risk management and have provided most of the acknowledged textbooks on the subject.

It would be unfair to suggest that there has been no progress in the U.K.—it is just that it has been a little slow. Even the brokers cannot agree among themselves, and some would even argue that risk management is merely a marketing gimmick for selling insurance and that such problems that do exist are handled adequately in the course of normal broking activities. However, this is not borne out by the demands of the more enlightened members of industry. The bigger companies are actively seeking risk management and this has been more in evidence in the chemical, mining and plantation industries. The oil industry, which obviously faces colossal risks, has looked after itself for years and indeed has provided a great deal of information on the subject to the benefit of all. All the big groups not only have insurance buyers but risk managers, and even departments in some cases.

A good deal of written material is now emerging, too, suggesting that ideas are gradually taking hold. Keith Shipton Developments, the U.K.'s largest consultancy, has started a monthly publication, called Foresight, specifically on this subject. The first edition, which is published this month, argues that there is a dangerous shortage of risk managers in this country and points to the facilities existing in the U.S. It identifies two main needs:—

(1) "The inclusion in the education of engineers, architects, accountants and other professions of risk management studies." It maintains that, "Even three weeks during the three or four-year course could add considerable awareness of risk and teach the essentials of risk management as a necessary skill for all managers."

(2) "A longer course to develop highly qualified risk management personnel. While risk management could be a major subject in a degree course, it would probably be more appropriate as a post-graduate course. As yet the City University, London, is the only academic institution in the U.K. where this has become a reality. Here, post-graduate business students, most of whom have had some exposure to industry and commerce, can opt to take a major in Insurance and Risk Management as part of the MSc Degree in Administrative Sciences."

A major reference work on the subject has been published by Kluwer-Harrap called The Handbook of Risk Management. The introduction asserts that risk management is more than just trying to prevent losses and buying insurance. "The name signifies a different type of approach to the handling of risks, involving a systematic study of the problems within the context of the whole organisation, and developing a comprehensive strategy based on all of the information and devices available to the firm. It is part of the revolution which has changed management practice in the past 50 years, embracing an ever-growing set of ideas and techniques often collectively called 'Scientific management'."

Impressed

Management is definitely beginning to heed the message. A company Board is always impressed, especially nowadays, with anything that reduces costs. Risk management can contribute and it is often the case that the savings on insurance premiums will handsomely cover any fee charged by a risk management consultant.

There are also many new types of risk to tackle. The Health and Safety Act, for example, heaps far greater responsibility on the Boards of companies and there is now even the threat of criminal proceedings where negligence can be proven. In the relatively straightforward area of fire hazard companies now have to contend with a far wider scope of risk. For example, it surprises no one nowadays when a terrorist stands upon an aeroplane and threatens to blow up the plane and its passengers. The trends in arson and terrorism are on the upswing, as is vandalism (and its tolerance). Political risk is another area giving cause for concern, and whereas this may at one time have been accepted as a normal hazard it is now being recognised that there is something that can be done about it.

It has been inevitable, perhaps, that the larger companies have been the first to recognise the benefits of risk management. First, they have, by definition, that much more to gain in the way of savings; they are more amenable to new management techniques; they are used to paying fees for services; and, finally, are more used to self-analysis. They are also more likely to be reminded of their responsibility to employees and society at large, and not just shareholders.

Big companies have a variety of alternatives open to them when it comes to risk financing. For example, if a factory burns down a company might well welcome the choice as to whether it should actually replace the building at all. If a building is uninsured, and burns down, then it is up to the company whether it is replaced or not. The cost of insurance cover is saved in the meantime, and even if the decision to rebuild is taken it may well be more advantageous to borrow the cash for the purpose rather than to have paid massive premiums.

Complex

A company might also take the decision to create a captive insurance company. This is a complex subject, but it gives a company valuable access to the reinsurance market and enables it to cover against risks which might not be normally acceptable. Even if a company wishes neither to create its own captive nor to accept more risk and reduce its cover, it is possible to reduce the cost of insurance merely by being careful—premiums will fall in much the same way as a motorist enjoys a no-claim bonus on vehicle insurance. These are all merely areas of sensible risk management.

The majority of risk management consultants will agree that the greatest obstacle to the growth of risk management is management attitude. While insurance and its cost are accepted in good faith, with executives happy to preserve the insurance mystique, risk management frequently falls down because it all seems too simple and no logical patt[ern] can be applied. There is a[lso] the fear that they are be[ing] bombarded with jargon a[nd] taken for fools.

However, there are s[igns] that risk management is be[ing] taken seriously in the mana[ge]ment training field, particula[rly] in the technical industries. T[he] managing director of Glaxo R[isk] Management really summed [it] up when he wrote in a rec[ent] article that "To meet [the] changing needs of industry, [the] insurance market must ad[apt] itself to the risk managem[ent] concept."

Keith Le[w]

The Flixborough disaster, with its heavy loss of life and damage to installations and surrounding property, was a sharp reminder to industry and the public of the risks inherent in modern society.

Company attitudes are a stumbling block

WHERE THE mass of companies are concerned, the attitude to risk management still seems to be one of "prove to me what you can do and what effect it will have on my insurance premiums?" This is matched on the other side by the feeling among risk management consultants that many companies approach the whole subject with the wrong set of preconceptions.

For example, one consultant—who formerly headed the risk management subsidiary of a major pharmaceutical firm—said that the general trouble is that companies do not assess their real needs for insurance and measure these against their own ability to take on the risks. Instead, they treat insurance rather like income tax—an unwelcome levy which has to be paid—and never test what they buy. Thus one can get a situation where the company buys insurance against likelihoods whereas it ought to be covering unlikely incidents. Similarly there is a tendency to look only at the risks which the insurance companies traditionally cover and to ignore other risks which might cost a lot more should they occur.

Broader

This is what risk management consultants call the "tunnel" situation and they approach the whole question with a broader sweep. Their approach is to get a company to examine all its risks, evaluate them and treat insurance as a secondary factor rather than the starting point.

Splitting risks into two general categories, the first is the "catastrophe" area (which demands insurance) whereas the other covers what are called "wastage" risks. The latter area is where the scope for self-insurance and diminution of risk is most evident and is why companies appoint risk managers or even set up risk management subsidiaries. As a business "discipline" this is much more widespread in the U.S.—where one can take a degree course in the subject—but it is making ground in the U.K. A lot of it boils down to educating line management in the control of risks and here the Health and Safety at Work Act has concentrated the minds of many directors.

The reason is that the Act opts for personal responsibility and accountability for what is going on. It is not sufficient just to shelter under the insurance umbrella. The Act is, of course, concerned with safety, but the same principles apply to other areas of risk which management can identify and diminish if only they are made aware and motivated.

The general impression of companies' attitudes to risk management is that the large companies—which are fully aware of their exposure to risks (particularly explosion, following the Flixborough disaster) are the most advanced in seeking advice and making changes. But one can divide the large companies into two distinct categories with differing requirements.

First are those which already pay high insurance premiums but also have a high level of claims. Then there are those paying substantial sums in insurance but whose claims may amount to only 10-15 per cent. of the annual premium over a period of years. In the first case, the obvious course for the risk manager is to improve the loss control procedures; for a substantial reduction in the incidence of claims will bring down the premiums. But there are limits to this and where the second category is concerned, the low incidence of claims may not be adequately reflected in premium levels.

In the latter case there is a clear incentive to assess what measure of self-insurance may be safely introduced. If the claims level has been fairly constant there might well be a case for the company assuming perhaps the first £1m. of the risk itself with a consequent reduction of premiums.

Catastrophe assurance can be purchased reasonably cheaply once small but consistent risks have been ironed out and with inflation showing few signs of abating, all companies must be concerned with keeping down their insurance premiums. But the problem with risk management where smaller companies are concerned is that they do not really benefit from the economies of scale which a large group might achieve.

Ons consultant had said that whereas a full risk management survey for perhaps £20,000 might result in a large group achieving savings of £200,000 in insurance premiums, a similar survey for a small company might cost no less but result in far less saving because of the smaller scale of the operation.

Tendency

There is a tendency for small companies to become concerned about risks once a disaster has occurred and the obvious area which claims attention is where a company may use dangerous chemicals (and thence be liable) without actually producing them itself. What risk management consultants say, however, is that—large or small—it is the already well-managed companies which are concerned about risk management and seek advice. Where the clients have existing management troubles with poor procedures and bad labour relations it is often difficult for the consultant to be of much help.

Other consultants reckon that whereas in the chemical, oil and pharmaceutical industries the large groups already have a substantial measure of continuous risk control and self-insurance, the main area for custom is in the medium-sized companies which realise that they have a need but are not sizeable enough to hire full-time risk managers or to set up risk management subsidiaries—as Glaxo did some years ago.

Companies interested include shipbuilders, aircraft manufacturers, those in the process industries and trading companies. But the common denominator tends to be that they would like risk management to pay for itself—the immedia[te] result required is the reductio[n] of the insurance premium. [In] this respect it appears th[at] many companies go for specif[ic] reports rather than a total ris[k] management survey.

As one consultant has sai[d], "Companies tend to want ju[st] one course rather than the whol[e] feast" and a typical surve[y] might just be concerned wit[h] pollution because of the emotiv[e] publicity which surrounds it an[d] the greater public awareness—which eventually leads to highe[r] insurance premiums unless th[e] troubles are cured at source. B[ut] here again the same consultan[t] said that "small companies can[not] afford it."

One point which all the ris[k] management experts make i[s] that the techniques used to re[]duce risks normally involve th[e] co-operation of manageme[nt] and that the benefits may g[o] far beyond the reduction of i[n]surance premiums. For exampl[e] the risk manager might poi[nt] out that although concentratin[g] production in a factory cou[ld] produce considerable benefit[s] in terms of profit to a compan[y] it could also have undesirabl[e] effects in that if the machiner[y] breaks down the company migh[t] well be far more exposed t[o] consequential loss of profi[t]. Equally, concentration of pro[]duction tends to place greate[r] power in the hands of the work[] force because of their ability t[o] bring production to a hal[t] through industrial disputes i[s] greatly enhanced.

Risk management has it[s] roots in the insurance industr[y] and it is no secret that man[y] insurance broking firms regar[d] the concept as a modern way o[f] dressing up the sort of advic[e] which they have always made available and freely given a[s] part of the inservice. But there is an increasing recognition tha[t] risk management is a necessar[y] tool, in whatever form, now that risks are becoming more complicated and costly. As usual, however, it seems to be the large, efficient and profitable organisations which make the running.

Christopher Hill

Legislation takes a hand

THE NEW Health and Safety Act which came into force at the start of the year is novel on at least two important counts. It provides protection at work for an additional 5m. people "from bishops to tarts," as Mr. Bryan Harvey, deputy chairman of the new Health and Safety Executive has put it. And it is Britain's first experience of comprehensive legislation built on the principle of a highly flexible "enabling Act."

But the Act is also a basically different approach to the protection of people at work. Where the legislation it supplants was essentially negative, in that it merely encouraged an employer to do enough to keep the factory inspector out of his hair, the new Act is very positive in its purpose. It puts the onus squarely upon employers to run their businesses with due regard to the health and safety of those they employ. For employers this means that safety—management and control of risk in the widest sense — must be an integral part of the business.

The new Act is essentially an attempt to come to terms with technology and its rapid development in the past 30 years. Processes which pre-war were no more than laboratory practices are now used on an industrial scale. Chemicals which pre-war would have been handled most circumspectly by white-coated scientists, because of their toxicity, flammability or other risks, are nowadays made and moved in tonnage amounts. Some are the raw materials of new industries such as petrochemicals, or have transformed traditional industries as is the case with oxygen in steelmaking, or pesticides in agriculture. Risk in such cases has been traded off against the enhanced efficiency of the new products.

Added to this rapid technological advance in products has been the economies of scale associated with increasing size of process plant. The consequence was that very large inventories of materials of high energy content began to accumulate at chemical plants. A "Little Neddy" report on chemicals in 1973 identified no less than 72 major chemical plants in Britain. The explosion of Nypro's caprolactam plant at Flixborough last summer, when 28 work people died, provided a demonstration of the potential for destruction latent in a large production process—one not, incidentally, thought to constitute a "major hazard" in the sense of a nuclear installation or an explosives factory.

Ilford residents demonstrate their concern after the explosion last April at the local Laporte chemical plant.

Bluntly

Mr. Bill Simpson, the chairman of the ten-man Health and Safety Commission set up to administer the new Act, has warned bluntly that it is going to be tougher on employers and that its powers will be used vigorously by the commission's operating arm, the Health and Safety Executive. "In the past the price of negligence has been far too low," said Mr. Simpson in his Alexander Redgrave lecture in April. "In welcoming higher fines I am not being punitive but simply recognising that there is some measure of deterrence in higher fines."

The commission has since given the green light to a major reorganisation of the activities of its 700 factory inspectors. Where to-day they adopt an essentially "GP approach" of tackling whichever problems come up in their area, under the new system there will be much greater specialisation. The inspectors, whose numbers are expected to increase by about 50 per cent., will be organised into expert teams, specialising in the problems and idiosyncrasies of the major industries in the areas they serve. The idea is to obtain more authoritative advice and to make the Factory Inspectorate more authoritative in its dealings with management. In other words, the factory inspectors are going to become influential in *determining management policy* in relation to risk. As Mr. Jim Hammer, Chief Factory Inspector, has observed, "a more specialist approach should enable inspectors to deal more effectively with the technical problems and management deficiencies which were pointed out by the report of the Flixborough inquiry."

The more specialised approach to factory inspection will also materially assist any schemes that might emerge for tighter regulation of process plant, along the lines already accepted for nuclear installations and explosives factories. In January, the commission announced that it had formed a new policy-making body called the Committee of Experts on Major Hazards. Its job is to advise on how industrial hazards associated with large process plants, chemical or fuel stores, and so on might be ameliorated. Is it necessary—or even desirable—to impose the kind of controls associated with nuclear installations in Britain since their inception in the 1940s? Is it possible to say with certainty what constitutes a "major hazard?"

Nuclear

In fact, some of the major chemical and petrochemical companies have for several years now been showing considerable interest in the risk management practices developed by the designers of nuclear installations. They were not just concerned by the large inventories of energy or toxicity at some of their plants, the release of which could have consequences far beyond the factory fence. They were also attracted by the economic advantages of high levels of plant reliability, reflected in high load factors for the plant. But behind it all was increasing awareness of public sensitivity to what the nuclear engineers know as the "maximum credible accident" situation; that is, the combination of events that might result in the greatest loss of life. For a nuclear installation this is now estimated to be of the same order as a major air crash.

The first report of the Committee of Experts on Major Hazards is unlikely before 1976, in view of the difficulties of the task it has been set. Even then it may act by picking off problems one at a time, and proposing specific solutions, rather than trying to satisfy those naive enough to believe that the experts can wave a wand and make British industry safe. It may even reject the idea, widely anticipated at present, that certain processes and plants deemed to constitute "major hazards" should be licensed and regulated, just as nuclear installations and explosive factories are to-day. It may advise that responsibility for safety even of "major hazards" could be kept more effectively in industry's parish by licensing an organisation, an operating team, even individual managers, rather than for the State to accept responsibility for safety.

The Expert Committee on Major Hazards will, effectively, be a standing committee, continuously appraising a complex industrial situation in light of the declared aims of the Health and Safety Executive to take the techniques used to develop the advanced process technologies, and apply them to making the technologies safe enough for a small crowded island. It will have a supplementary role in helping to inform a public whose concern has been aroused by the way that some industrial accidents—notably the Aberfan tip disaster and the Flixborough explosion—have begun to encroach on a wider public.

David Fishlock
Science Editor

The broker in the middle

RISK MANAGEMENT, certainly well established in the U.S., is considered by some in the U.K. to be a new concept in its proper form to this country. Meanwhile, another school of thought argues that risk management has been part of the function of our largest insurance brokers for a considerable time. Probably there is an element of truth in both arguments.

Insurance brokers have been offering risk management service as part of their overall insurance package for many years but the idea of risk management consultancies on a separate fee basis is a relatively new concept in the U.K. However, as virtually all risk management consultancies are in fact subsidiaries of insurance broking operations it seems a reasonable assumption that some brokers at least have been tempted to hive off this part of their operations, under the fancy tag of risk managers, just to keep up with the competition.

The basic point which must bring out the cynical side of most of us is the conflict of ideals. An insurance broker by definition sells insurance, admittedly taking a very simplistic view, and relies on commission for his income. The risk manager on the other hand is not there to sell insurance, but in fact to achieve savings—and a saving of around 30 per cent. of premiums is not uncommon.

Furthermore, the risk managers service is charged on a fee basis, thus the level of insurance requirements makes no difference to his level of income. So people may reasonably ask how the risk management side of an insurance broker can seriously put forward the notion that a critical appraisal of a client's insurance needs will take place. In short, it is really a matter of trust, because the broker will state quite categorically that even though selling insurance in the short term boosts commission income, it is the long-term good relationship with a client that he is chasing, and this means operating a full insurance service without bias.

In these competitive days of broking the broker's function must be to administer a comprehensive insurance package in the most efficient and effective way. If, after a risk management exercise, 70 per cent. or perhaps more of the original insurance needs are still there, then this will earn the broker commission, which is after all his life blood. The client benefits from a saving of premium expenditure, but even where no savings are possible, the client should be in a much better position to understand the nature of all the possible dangers that he faces. The broker benefits in the long run, because even if the work was carried out on a non-fee basis, he will have won the client over to his philosophy and will hopefully have years of commission income to come.

Paramount

It is service that is paramount, the broker will argue, but the purist risk manager is persistently convincing in his claims to independence and the benefits that must come to the client from this set-up. Independence is fine, but as many of the autonomous consultancies are tied in with broking businesses it is hard to see how any true independence can be maintained. Most will admit that for obvious reasons they will recommend to the client that its own insurance broking operation is used.

One trend which shouud dispel all these arguments is a fee remuneration to brokers rather than commission. This is still very small but it could catch on, particularly for the larger accounts, and on this basis a dual role of broker and risk manager can be easily played without loss of income.

Over the past year there seems to have been a change in emphasis at least as far as insurance brokers are concerned. Risk management was the bright new concept which was a hard selling point whether as part of the total service or separately, but now some of the lime-light appears to be fading. There could be two reasons for this—first, reaction to a cynical approach from clients' brokers could be just playing down that aspect of the service, or secondly a reflection of the general tightening of the economic climate.

The second reason would seem to be the most likely. For management, despite all good intentions, is concerned with the running of the day-to-day business and the maximising of profits, containing overhead costs and all the other aspects which go to make up a successful company. Unfortunately, unproductive investment, into which risk management in the short term must be classified, tends to slip into the background. In these days of liquidity pressures, moreover, cutting budgets on such "discretionary" spending is bound to show through.

Nevertheless, the larger groups, in particular the multinationals, have firmly come down in favour of the brokers offering risk management services. In some cases this can be extremely difficult work. For example, Hogg Robinson was carrying out an exercise for a Swiss multinational company, which had subsidiaries in most countries of the world. The assessing of such risks and how much can be carried by the company by way of self-insurance is extremely complex, but is well worthwhile for the parent group even if the premium expenditure saved is minimal, just for the knowledge it can gain of its own operations.

The role of the captive insurance company, as discussed elsewhere in this survey, is becoming increasingly important. Although they are still relatively few in number there is a growing volume of inquiries from companies considering their use. Whether this will amount to something more than just a passing interest is hard to tell at present, but perhaps more unusual is the use of captive brokers.

The use of the captive broker is basically limited to a few large companies. Bowater and Thorn are two examples where captives have been set up. Here again it is probably the broker promoting the service aspect, while reducing costs to the client. The mechanics of the operation are that an insurance broker in conjunction with a client sets up a captive broker for the client. Money equal to the amount of commission that would be charged is placed by the client with the captive. The insurance broker then charges all his expenses incurred (usually less than normal because the captive has taken on some of the work load) to the money placed with the captive. The balance, which would normally be the broker's profit is divided up between both the broker and the client.

Again the broker is aiming at saving the client money, and this could be the point that will revive interest in risk management surveys in the future. There is a growing awareness of the services offered by the brokers, and once industrialists become less sensitive about the immediate cost, activity should pick up again.

Terry Garrett

The financial element

THE ROLE of risk management is basically threefold—starting with the analysis of any particular risk, then the actual measurement of it in terms of cost to the company, and finally what steps can be taken to control it. Much has been achieved on the technical front and most risks can be diagnosed or isolated, but some difficulty is encountered when these findings are translated into financial terms that the company's management can get to grips with. For the company the problem of risk will not only relate to temporary disruptions but also to future earnings and cash flows not to mention the damage on fixed assets.

Obviously no two companies are alike and each would be affected to different degrees following similar catastrophes. A number of systems have been devised, mainly from the U.S., in an effort to give some meaningful conclusion on the cost factor of a risk to a company. While these give a useful basis they could not be expected to prove totally reliable.

Nevertheless the signs are that progress is being made. Risk or uncertainty can be expressed in terms of variability or potential variability of earnings, cash flow and assets.

The uncertainties are of course numerous and cover a wide range. Fire is generally the most common risk encountered by industry. Here it would be necessary to analyse what the loss of any particular asset would cost the company in lost production, stocks and the consequential effects such as the company's prospective ability to regain its market share once the rebuilding or reinstatement is completed.

Other areas that can affect earnings and cash flow projections include marketing, labour, technical and political risks. On the marketing front there is the risk of a sales resistance to a particular product: alternatively, it could be made obsolete by changes in taste and service needs. Technical risks would involve performance targets, possibly because of a failure in a given production run or because of delay in installing new equipment.

Labour and political risks are topical at the moment. Getting the right sort of labour in the right quantity is one risk — a number of companies have recenly been held back on this count—while leading on, there is an even bigger risk in staff dissatisfaction. The political implications are largely seen in terms of government intervention (nationalisation, etc.), or official financial policies (prices and dividend restraints) which can seriously affect earnings. Certain social aspects could also be included here such as the public awareness, after the Flixborough disaster, of the possible damage caused by explosions. This could cause the closure of a factory if the risk to life were to be regarded as too great.

Having pinpointed the possible risk it is necessary to determine its likelihood and probable extent. It could follow that the risk could be controlled by modifications such as the installation of better fire protection equipment (sprinklers, fire alarms, etc.) or improved safety precautions. These often result in some saving in the long run, premium reductions, cash grants and tax allowances.

The company could be dependent on one product in which case some diversification could be planned to reduce the risk of that product going sour. Being tied to a single production facility or factory could necessitate arranging standby sub-contractors or capacity. The problems do not have to be in-house to represent a risk for if the company has strong links with one supplier there could well be a need to spread the risk or keep standby components.

Disastrous

These interruption losses need to be reduced for they sometimes prove disastrous for the company. True, the cost of the asset together with profitability for a specified period can be covered by insurance but there might have been drastic changes in the structure of the market during the loss of production with competing firms taking over its customers. The company could even find it impossible to start trading again despite compensations.

If it is not possible to control the risk economically then the company must either take the loss as an operational cost—in which case earnings and cash flow would be reduced, together with some depletion in assets —or insure the risk.

Insurance is, however, basically uneconomical in that claims rarely cover premiums. There is a tendency for companies to take insurance cover purely on a traditional basis. Mr. J. E. Bannister of Keith Shipton Developments pointed out in a recent risk management conference that the usual business techniques such as capital expenditure valuations, budgetary control and discounted cash flows are rarely applied to insurable risk areas.

In fact, insurance is the item in the company budget least likely to be questioned in terms of its effectiveness. If the company just analysed what the cost of the risk was and how often it occurred it could quickly be compared with the cost of the premiums. That way the company could see whether insurance is necessary or worth buying.

Because of this factor self-insurance has become an important part of the risk management repertoire. Not surprisingly this technique has gained in popularity. Here a spread of risk is retained so that probable losses are lower than buying insurance. In the U.S. companies have gone one step further and formed captive insurance subsidiaries which are run on the same lines as self insurance but have certain tax advantages.

Practical experience is such that certain guidelines can now be given where insurable losses are concerned. Basically those small losses, where the cost can be gauged fairly accurately, could just as well be absorbed by the buyer while for the medium loss, the risk is spread by relating the annual premiums to loss experience over say five to ten years. It is the large very rare loss that should be covered by normal insurance.

This ability to analyse and measure the risk cost in terms of lost earnings or reduced assets to a reasonable degree of accuracy in all but the severe consequential loss or the low probability extreme risk must surely mean that risk management in the U.K. will move on much the same successful lines experienced in the U.S.

David Wright

The consultancy field

IN TERMS of numbers there are very few risk management consultancies in the U.K., and those that do exist are subsidiaries of insurance brokers. So either way it is the brokers who dominate the business. However, the very existence of consultancies begs the question as to why some brokers have seen fit to create a separate subsidiary while others claim to absorb risk management into their general broking service.

There is, of course, one fundamental difference in operation, which relates to the method of payment: a broker earns commission while the consultant takes a fee. Thus by definition the broker is out to sell insurance, and while overselling might eventually drive a client away if it is pointed out he is paying too much, the solution to risk is virtually pre-determined.

The purist consultant would argue on the other hand that he is not inhibited by commission considerations. The approach here is for the consultant to attack and eliminate the risks first, with insurance coming in almost as a final resort to cover against what is left. Most consultants would claim to save sufficient in insurance premiums in the first year to cover their fee and this benefit should continue in subsequent years. Of course, this is in direct conflict with the objectives of the broking parent and to the outsider might seem a little strange, not to say lunatic.

However, those broking firms with risk management subsidiaries naturally defend their decision. For example, at Keith Shipton Developments (a subsidiary of C. T. Bowring) significant growth in the risk management business was only achieved once that side became divorced from insurance. KS, which employs roughly 32 people, including 19 highly skilled consultants, and should have 40 employees by the end of the year, is certainly the leading consultancy in this country, and probably in the world. Not only is this now a valuable profit centre but it would seem to have been achieved without any expense to the parent which enjoyed an advance in commission income in its last financial year.

Independent

To accommodate those companies seeking risk management it is obviously useful for there to be an independent consultancy in the group. A company wanting, say, scientific assessment of a risk or an appraisal of a political or project risk—in other words, a non-insurance inquiry—will be more inclined to go to a consultant than to a broker. This way the broker with a consultancy subsidiary scores either way.

However, it would be unfair to suggest that risk management is only practised by the consultants. The concept is well entrenched in some brokers and technical skills, if not actually employed, are usually available. The difference in approach is really all that separates the two camps. The concept itself is not in doubt; some brokers simply take the view that risk management and insurance cannot be divorced, while others elevate the idea a little more to the level of managment science with insurance playing only a minor part.

The consultants are basically not anti-insurance, merely averse to too much of it. Many companies are willing to pay out £4m. per annum in premiums and receive, say, only 10 per cent. back in claim money, purely because it is too much effort really to understand insurance and it is a "nice feeling" to be fully covered. If a company has a year of major claims it might appear that the deal has been a good one—that is, when claims exceed premiums. However, the next year would be very different indeed since premiums would be adjusted in the light of the previous year. Every company pays for its claims many times over and is apparently willing to do so. This is the area where probably the consultant is most potent.

By attacking the risks first it is usually possible to bring

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Technology and its hazards

TECHNOLOGICAL advances and environmental changes have undoubtedly put severe strains on risk control management. The insurance industry is clearly concerned while industry and risk management consultants are constantly striving to get to grips with the situation.

Large industrial risks call for an increasingly high standard of technical skills and many insurance companies are not in the position to meet these demands but they are required by those who head the underwriting syndicates.

The problem from the insurance industry's point of view is that technical changes have a sort of delayed fuse and it is not until some catastrophe occurs that the risk is put into perspective whereby it can be seen whether the premiums charged were realistic. More often than not risk is gauged by the total sum insured. Sometimes the insurable risk is spread over a number of units whereby total loss is hardly likely. Then the premiums are calculated on the estimated maximum loss that could occur. By definition low probability high risks seldom occur but occasionally the unexpected does happen and the maximum loss far outstrips estimates leaving the insurers heavy sufferers.

Flixborough was a good example of how the unexpected can catch them out. Many insurers probably assessed the estimated maximum loss to be below 50 per cent. of the total sum insured said Mr. A. F. Burdett (Commercial Union) in a recent risk management conference. In the event the loss was of far greater magnitude.

The chemical and petrochemical industries are renowned for their technological advances and as such they tend to represent the major problem areas as far as risk is concerned. Inflammable gases and liquids have always been a risk during the actual processing, storage and transport but the trend now, reflecting economic pressures, is for larger plants and longer and more involved processing: witness Flixborough.

However, this is not to say that the industries concerned are falling down on their responsibilities for research and the analysis of risk is constantly being made by highly skilled personnel. Moreover tests are continually being carried out by the Fire Research Station. Particular emphasis has recently been put on the problems of plastics and gas explosions.

The risk management consultants also recognise the problems in the chemical, petroleum and allied process industries. Both Risk Management Consultants Limited and Keith Shipton Developments, for example, have developed special services designed to reduce the risks inherent in technically sophisticated processes.

Computers

The growing use of the computer in industry is another new risk area. If an unauthorised person could gain entry to a computer operational room the consequences could be severe. Information could be obtained for the benefit of competitors while at the same time false information could be programmed. A number of computer frauds have already been discovered, particularly in America.

Risk management consultants are now able to offer a service which amounts to a complete rundown of existing safeguards, including alarm systems and various controls embracing screening. It is generally felt that a third party is in a better position to spot any flaws in the set-up since regular staff tend to devalue or overlook security after a while and sometimes they are even disregarded as unimportant.

High land values and labour costs have resulted in another new high risk area, namely high racked automated warehouses. Storage traditionally has been a problem area but the progression in size and design has only added to the headache. Large claims are forcing action and much is being carried out by the Joint Fire Research Organisation. One major problem that has arisen is that normal sprinkler systems are inadequate since a fire in a lower rack could not be controlled. Research carried out by the JFRO showed that the best method was to have sprinklers at various levels which would be linked to some alarm system.

High rise residential buildings not only present a similar fire risk—fireman ladders only reach a certain level—but also a construction risk such as Ronan Point.

One of the more recent technological advances for the U.K. has been off-shore drilling in the North Sea. Risk here could be staggering. Not only is there highly expensive equipment at the mercy of the North Sea and shipping but also some very isolated personnel. Only recently we have been reminded of the risks run by divers.

While industry is obviously alive to these risks and much effort and research is being carried out to reduce them there is much that gives cause for concern. Mr. J. C. S. Lepine, chairman of the Reinsurance Corporation, hit the nail on the head when addressing the same risk management conference already mentioned. He makes the point that "how long has it taken to assess the hazards inherent in the production and use of various types of plastics, and are we even now at the end of the road. For how long have we had nuclear plants, and to what extent are we able to assess the hazards inherent in them?" He went on to mention thalidomide and Ronan Point before coming to the conclusion that "in all these and many other cases it is not only a problem of assessing loss potential, but also of estimating the time at which it will become evident, and the amount of the money involved."

Insurers believe that to be efficient in these days of advanced technology and high risk they need to be far more sophisticated if they are to keep pace and many have the intention to do just that.

First, industry must adjust to these changes whereby they programme their organisation in such a way that every new venture is analysed and that the management has at its disposal the fullest possible information regarding the risk and the methods and cost whereby these risks are to be eliminated, controlled, reduced or transferred.

David Wright

Rising scale of risks

A CHANGING society invariably involves less favourable developments, and one of these must be the growing sophistication of criminals, to which must be added the perhaps more worrying aspect of increasing violence, often of a totally unpredictable nature. The age of the terrorist and "bomber" is here too, and shows little signs of changing. But plenty can be done to minimise the effects of such actions, and risk management consultants are placing emphasis on security aspects.

Generally speaking the trend since World War II is for crime to increase at an accelerating rate, and one estimate puts the value of goods lost per year at about 1 per cent. of the Gross National Product. Obviously crime is unlikely to keep increasing at the rates we have seen, or else incredible levels would be reached, and there is already some indications that the increase in the number of burglaries and robberies is flattening out. But violent crimes are increasing and so is the incidence of fraud.

Fire, another major risk to a business, is also on the increase—perhaps a little surprisingly when fire-resistant building materials, preventionary systems and fire-fighting techniques have all advanced considerably. The Fire Protection Association believes that total losses, direct and indirect, from fire equal something like another 1 per cent. of the GNP.

The effects of crime and fire together therefore equal 2 per cent. of the Gross National Product. The size of the potential risks that management faces are immense. For many years it has been possible to cover for these dangers by insurance, which was cheaper than having to attempt security precautions. But insurance companies are very aware of their potential liabilities nowadays and insist in many cases that adequate security precautions are taken by management to prevent losses. What these precautions are obviously vary from case to case, and the use of services provided by risk managers should be of invaluable help in such matters.

Security is one field where risk management is having to take much more interest. Not only does the company face dangers from thieves, industrial espionage and defrauders; there are also the risks presented by kidnappers or hi-jackers, bombers and arsonists. In fact there is an opinion that in a world such as oures to-day the activities of terrorists will increase as political and social unrests grow.

Keith Shipton Developments, one of the leading risk management consultants in the U.K., is increasingly looking at aspects of risk control which takes it out of the conventional realms of insurance—for example, by judging the political factors involved by expansion in a particular area.

Project risk management is ine area where Keith Shipton is becoming increasingly involved. There certainly seems plenty of scope when one considers how many projects are either not completed in time, or at a cost far in excess of budgets. What they set out to do is chart all the possible points that could happen during a project that could upset projections. The charts are based on past experience and the knowledge of the client involved.

Often a client may have looked at all the technical factors involved in, say, building a plant, but completely overlooked points such as any possible changes in the labour supply, which can create immense problems. Risk managers could take a completely objective view, evaluate risks and suggest changes and generally make management much more risk-conscious.

Some of the points that a risk manager would look at include any political change that could upset the project's future and also make sure that there is adequate consultation among those handling various operations, because increasing fragmentation of responsibility can often lead to areas working in conflict. This may be overlooked by a contract manager with the responsibility for the total project.

In fact, project risk management could often result in setting up projects in a simpler form to avoid a concentration of risk. It would seem a fairly cheap service considering the benefits that can accrue. Something on the scale of a £1bn. project, risk management charges may be around £25,000—a small price to pay to avoid what could amount to disaster.

Computer risk management is another area which is attracting a great deal of attention. Not only is a computer operation at risk to accidental damage, but can attract criminal activity, especially as the trend is towards reliance on real time and less paper work. With less paper involved it becomes easier for a criminal to obtain information, or whatever, and effectively cover his tracks. When a risk manager comes in to study a computer set-up he will look at its vulnerability to hazards such as fire, flood and possible impact damage, and then turn his eye to dangers of sabotage, embezzlement, data theft, time theft and wire tapping.

On the physical aspects of shielding a computer from risk it is mainly a matter of common sense, particularly on the point of where to instal the hardware. On the problem of preventing crime, risk management becomes more complicated, as this feature of criminal activity is one of the fastest growing types of crime, particularly in the U.S. In addition, a balance will have to be struck, for ultimate protection for a large computer installation could cost the earth, but setting up a list of possible dangers and tackling the most important first should result in most dangers being reduced without too much expense.

A strict sifting of personnel is essential, and fragmentation of responsibility under a management chief can go a long way to reducing the amount of fraud that is possible. It is however, important for the management team to understand the computer operation fully, so that any discrepancy can be spotted quickly. Rough financial checks outside of the computer by management can be helpful in this way.

Sensible

It is also a sensible precaution to limit access to the computer, and avoid programmers having direct access to the hardwere. Similarly, recruiting an experienced operator must be dealt with carefully, because he may well have the knowledge to embezzle the company in a way that it would be hard for management to spot.

Another area that Keith Shipton is working on with what amounts to professional pessimism is political risk management. For an international company to set up a plant in a country new to its operations can involve a great deal more than just the obvious hazards, not least of all political motivated moves, with perhaps nationalisation as the ultimate worry.

Management must take in a wider concept. and look at the case from the other side adopting their viewpoints. For example, the attitude taken by a nationalist government within the host country must be fully appreciated, also say their chance of survival and who would take their place. The major point here is that the company making the investment must not adopt a colonial attitude, but make sure that the host country wants the new development, and if they are willing to put up some money it would be a sign of good faith.

Terry Garrett

Field

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about large reductions in outlay and figures of £½m. and more saved every year are by no means unheard of. It is this sort of saving that most managements respond to, as it is often the only tangible evidence that risk management is beneficial. It is difficult for managements to accept that risk management is in essence so simple and lacking in magic. Insurance on the other hand is accepted as a necessary cost. It is this sort of thinking that is the biggest barrier for the consultant to surmount.

To date it is only the largest companies that have really come around to accepting risk management at all, primarily because they have the most to gain. The multinational companies are tending to appoint their own risk managers—as opposed to the old style of insurance buyer—and it is the professional risk manager who has greater appreciation of the work of consultants.

A particular spur to the growth of the business is the new Health and Safety Act, which lays far greater liability for industrial mishaps at the door of the employer, backed by the possibility of criminal proceedings. The response, according to one consultant, has been "colossal" with everyone seeking to protect himself as quickly and cheaply as possible. The horrifying implications of the Act and the corresponding value of risk management have suddenly dawned on industry.

In the broking fraternity there are still some who do not recognise or accept the term risk management at all, still less the need to set up a specific subsidiary to handle the business. It is certainly one leading broker's view that the term was conjured up by someone in the U.S. simply to have a marketing impact, and that whatever title one puts on this sort of activity it is all part and parcel of insurance broking.

Others take a softer line and realise that it is not wise to be dogmatic—presumably just in case there might be something in it after all. And there are those who accept the concept but not the need for a special offshoot—which might set up division within the camp and set two sides sniping at each other with no overall growth in business to compensate.

Clearly the consultants are very much in the minority, though the Keith Shipton-Bowring operation has plenty of eyes focused on it to monitor progress. And if current growth continues, the consultancy camp may well have a few more devotees.

The emphasis in industry nowadays is very much on cost reductions of any kind, while management problems are becoming more technical and difficult to gauge with the passage of time. Anyone who sets out to help on both counts must have a good chance of success.

Keith Lewis

Captive companies

RISK MANAGEMENT is in the first instance concerned with identifying a company's risk problems and controlling those risks. Then comes the next stage of measuring the financial consequences of those risks and the final stage in the whole process is deciding how to meet those financial liabilities if and when they occur.

The usual method is to cover these liabilities through the insurance market, but risk managers are now questioning the cost effectiveness of this procedure of placing the whole risk with an insurance company or group of insurers. A large company could well find that the total amount paid out each year in insurance premiums was well in excess of £1m., and that such an amount was a not insignificant proportion of the running costs of the company. In addition, it will find that over the years it is only getting back about 65 per cent. of this outlay in claim settlements.

So risk managers have been considering the advantages of self-insurance, of the financial consequences of risk and how much of the liability can be carried by the group itself. Small insurance claims are proportionately more expensive than the large ones and this is naturally reflected in the premiums paid to the insurers.

The insurance industry operates on the principle of averaging out the risks. If this principle is applied to the risk experience of an industrial group, it is often found that it is steady enough for the financial costs to be absorbed into the running costs as far as the small risk is concerned and this will be cheaper than paying the insurance premiums.

Similarly, some industrial groups have free reserves of a size comparable with the insurers with whom the risk is placed. The operations of these groups are often large and diverse enough for the financial consequences of the risks to be spread and averaged out within the whole group. Therefore, the risk managers can show that it is far cheaper for the group to carry the first part of the loss, usually a limit for each event, say the first £100,000, and an overall limit on losses in any year, say £10m. The excess liability would be insured.

But when a large group obtains insurance on a big risk, the actual amount of cover retained by the insurer is fairly small, the rest being spread around the reinsurance market. In addition, the practice of insurers, as far as major companies are concerned, is to quote a premium based on the risk experience of the individual company and spread that risk by time only and not over other companies in the same industry.

The company itself could do this function, provided it had the necessary capital backing, and more are now actually doing it through the medium of a captive insurance company. This means that the group's insurance needs are placed with an insurance company subsidiary of the group, created specially for that purpose.

This development has been very popular with industrial groups in the U.S. and it is slowly being used more in the U.K., especially among multinational companies. For these companies, the self-insurance of the first part of the risk can be carried by the individual companies within the group and the remaining risk carried by the group itself through the captive.

The captive insurance company in a U.K. group should be a bona-fide member of the insurance market, operating at arm's length from all other members of the group. It should be run on orthodox insurance lines with a capitalisation at least that required by the U.K. solvency regulations and possibly higher. A minimum margin of 40 per cent. is often recommended by risk management consultants.

Most captives are managed by a specialist management company, specially set up to adminster captives. These companies will supply all the services needed and handle all aspects of insurance—underwriting, reinsurance and claim settlement. The captive will have the normal share-capital structure issued in the usual manner for a subsidiary operation with the parent owning 100 per cent. Sometimes, the parent will issue a financial guarantee when setting up a captive.

What advantages are there for an industrial group to put its insurance requirements through a captive company. The first is the ability to accumulate reserves to meet future risks out of pre-tax earnings. As these reserves build up, the parent can gradually increase the retention limits held by the captive.

Another important advantage is that it boosts the cash flow of the parent and the captive can use the premiums to its own advantage while awaiting the paying out of claims, instead of the insurance company having the use of the money. The premiums themselves should be cheaper, since for an outside insurer, his premium will be composed of the cost to cover the risk, an amount to meet expenses and a margin for profit. The captive can eliminate the profit element and possibly charge a lower expense portion.

It has been the practice to establish captive insurance companies in an off-shore haven to obtain maximum tax advantage. The ability to invest funds at a low rate of tax gives captives a further edge over domestic insurers. Bermuda is the favourite place for U.S. captives, but those of a U.K. registered company have to be established in the sterling area. Guernsey and the Isle of Man are popular havens.

Up to now it has not been necessary for the company to be resident in the actual country, so the captive does not have to be located and perform its operations overseas. But now regulations are being brought in so that in most of these places the captives will have to pay local tax, a levy that the company should be prepared to pay anyway.

Before a captive is set up, the parent group needs to have its risk management and control properly organised and functioning efficiently. This is an essential requirement, since it is taking on the financial responsibility normally undertaken by the insurer and it is an open-ended commitment, subject to reinsurance. Anyway, the reinsurers will require adequate satisfaction on this point.

Next, there must be an adequate spread of risk within the group so that this essential insurance precondition is satisfied. Thus if the plant is concentrated within a small area, it may well be advisable to use the insurance market, rather than set up a captive. The group must have sufficient liquidity and a predictable cash-flow pattern, but in any case it will need some liquidity to meet the insurance premiums.

Eric Short

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Downward trend slows: off 3.29

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 8.

THE DOWNWARD trend continued on Wall Street to-day, but at a much slower pace. Operators were still largely concerned regarding Press reports that bank prime interest rates may be headed higher.

After dipping another 6.34 to 854.74, the Dow Jones Industrial Average partially recovered to 857.79, for a net loss of 3.29. The NYSE all Common Index lost a further 7 cents to $49.96, while declines topped advances by 787-to-604. Trading volume expanded 3.14m. shares to 18.99m.

Although short-term interest rates showed some improvement, the Federal Reserve indicated again it was holding to a tighter monetary policy through its moves in the short-term Money Market.

Brokers attribute recent Stock Market hesitation to tighter monetary policy and rising pressure on the bank prime rate, which some analysts expect to advance soon to 7¼ per cent. from the prevailing 7 per cent.

General Motors rose $1½ to $49¾ but Du Pont dropped $1½ to $122½.

CBS lost $1¼ to $52¾ in the TV Group.

Upjohn fell $2 to $38¾—the Food and Drug Administration linked several deaths of elderly people with the use of the antibiotics—clindamycin or lincomycin—which are manufactured by UpJohn.

Polaroid were lifted $2¾ to $39¼ on 321,500 shares—it said indications are that the second quarter will be "better than anticipated."

Apco Oil rose another $¾ to $17¼ on 327,500 shares. Alaska Interstate, up $¾ to $17¾, plans to purchase 1.5m. Apco Common shares for $17.30 each, giving it a controlling interest.

U.S. Steel picked up $1½ to $60¼.

Oils were mostly lower.

A block of 100,000 shares of Midland-Ross traded at $19, up $¼.

The American SE Market Value Index moved up 0.20 to 92.37, with declines outnumbering advances 330 to 291.

Great Basins Petroleum, most active issue, rose $¼ to $3¾ on 71,900 shares.

OTHER MARKETS

Canada firmer

Canadian Stock Markets were generally firmer yesterday in light trading, although Western Oils fell 0.12 to 196.55 on Index and Industrials 0.33 to 188.87.

Golds moved up 2.09 to 408.74, Base Metals 0.60 to 77.53, Utilities 1.49 to 130.63, Banks, 0.03 to 267.72 and Papers, 0.78 to 112.63.

International Nickel "B" fell $1 to $27¾, while "A" shed $¾ to $28. The company faces a strike in Ontario. Falconbridge Nickel lost $1 to $33¼.

Asbestos Corporation were up $1 to $18, and PanCanadian Petroleum, $¾ to $14¼ on plans for another Alberta gas well and possibly a gas processing plant.

PARIS—Irregularly lower in slack trading, with no major factors influencing business.

Banks were generally down along with Foods, Constructions, Publishings and Oils. Chemicals also declined.

Motors, Stores and Electricals were irregular, as were Portfolios.

In Foreign stocks, U.S., Dutch and Canadian shares were mixed, while Germans and Oils declined. Coppers and Golds were marginally weaker.

BRUSSELS—Mixed to lower in quiet trading.

Declines predominated among Steels. Arbed shed Frs.10 to 4,150, in mixed Metals, Union Miniere rose Frs.12 to 1,326 but Hoboken dropped Frs.175 to 3,805 in easier Oils, Petrofina slipped Frs.20 to 5,010.

Ebes eased Frs.10 to 2,115 in lower Electricals. Chemicals and Holdings finished narrowly mixed.

U.S. shares were modestly lower.

AMSTERDAM — Generally weaker in very quiet conditions.

Hoogovens were firm in otherwise weaker Dutch Internationals, where Royal Dutch gave way Fls.3.2 to 91.3.

Shippings were narrowly mixed, Plantations mainly higher, while Insurances, Investment Funds and major Banks generally eased.

Local Dutch issues were mixed with a weaker undertone.

State Loans were easier.

GERMANY—Easier and uncertain, influenced in part by the softer Bond Market trend.

But some sectors recorded gains, notably Stores where Karstadt moved up DM14 to 471 on hopes of revived consumer buying interest.

Banks were mostly lower. But Deutsche Bank rose DM0.80 to 318.30, Commerzbank shed DM0.50 to 210.1 and Dresdner Bank lost DM1 to 244.

In mixed Electricals, AEG put on DM 0.90 to 73, while Siemens dropped DM2.70 to 267. Chemicals were mostly lower.

SWITZERLAND — Stocks eased in seasonal light trading.

Banks edged lower on profit-taking following Wall Street's overnight fall. Financials dipped lower, led by Oerlikon Buehrle off Frs.25 to 1,215. Rueckversicherung Bearer were firmer in narrowly mixed Insurances.

Dollar stocks eased, with Kodak, IBM and Union Carbide notably weaker. Dutch Internationals were barely steady, while Germans fluctuated slightly.

OSLO—All sectors steady.

COPENHAGEN—Mixed. Banks and Communications slightly higher, while Industrials and Shippings declined.

MILAN—Irregularly lower in light trading, although selective buying towards the close pushed some issues marginally higher.

VIENNA—Quietly steady, with some good gains in Breweries. But Industrial leaders dipped while Metals were a shade firmer.

HONG KONG—Lower in decreased trading.

Hong Kong Land were down 5 cents to $HK6.90, Hutchison 5 cents to $HK2.30, Jardine 20 cents to $HK22.40, Hong Kong Electric, 2.5 cents to $HK3.80 and Hong Kong Telephone, 30 cents to $HK17.90.

TOKYO—Prices eased in dull trading, volume rising to 130m. shares (100m.). A sharp decline on Wall Street contributed in large part to the bearish trading.

Constructions, Chemicals, Light Electricals, Casualty Insurances and Real Estates lowered, as did Ezaki Glico, Shiseido, House Food, Mitsukoshi and Nippon Univac.

Some "Capital Incentives" like Nippon Kokan, Hitachi and Ishikawajima-Harima lost ground.

Maruzen Oil, Daikyo Oil and Nippon Mining were sought following reports the South East Asian Development Company, in which they have a stake, found oil off Thailand.

AUSTRALIA—Generally easier in quiet trading. Among leading Industrials BHP fell 4 cents to $A7.38, while Bank of NSW gave up 10 cents to $A6.40.

AAR fell 28 cents to $A1.12 following news that Western Mining withdrew from the Hail Creek coking coal venture. WMC itself dropped 4 cents.

JOHANNESBURG—Gold shares were generally steady at slightly lower levels. St. Helena were up 100 cents at R35.00 while West Driefontein fell 100 cents to R51.00.

In Mining Financials, Anglo American gained 3 cents to R5.43, while Union Corp. shed 3 cents at R6.10.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus	Util.	Trading volume 000's
July 8	68.85	169.86	857.79	[illegible]	18,990

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
July 8	104.92	92.39
7	105.68	93.54
3	106.90	94.26
2	105.77	94.18
1	106.46	94.85
June 30	106.86	[illegible]
27	106.39	94.81

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	July 8	June 26	June 13
On Dividends	7.17	7.36	7.35
On Earnings	13.74	14.12	14.15

SYDNEY ALL ORD. INDEX

TOKYO NEW SE INDEX

HONG KONG INDEX

SINGAPORE INDEX

IND. DIVIDEND YIELD p.c.

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

TUESDAY'S ACTIVE STOCKS

STOCK AND BOND YIELDS

EUROPE

TORONTO

MONTREAL

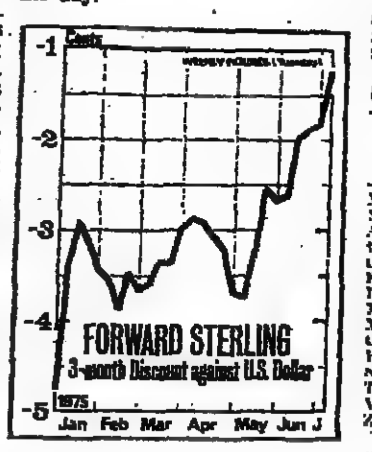
JOHANNESBURG

Forward £ up

Sterling improved against major currencies in general in spot dealing in the foreign exchange market yesterday with its trade-weighted average depreciation against ten units since the Washington Currency Agreement of December 1971 (as calculated by the Bank of England) narrowing to 27.6 per cent., from 27.9 per cent. over night, and standing at 27.8 per cent. in early dealings, and at 27.7 per cent. at noon, so moving progressively stronger over the day. Part of the reason for the pound's improvement in spot dealings was an easier tendency in very short-term dollar interest rates, while the U.K. mine-workers' pay developments also acted in favour of the spot pound. In terms of the U.S. dollar, the pound rose 55 points on balance to $2.1950-2.1960—opening at $2.1850-2.1860, but quickly rising to $2.1905-2.1915, reaching $2.1940-2.1950 by about mid-day, and touching $2.1985-$2.1986 at one stage in the later afternoon, on the news of the withdrawing on the mineworkers' pay claim.

The dollar's trade-weighted average depreciation against 14 units since the Washington Agreement widened a little against the 14 currencies in the Morgan Guaranty calculation (based on noon rates in New York), to 3.20 per cent., from 3.13 per cent., reversing the recent trend, while sterling's depreciation on a similar basis narrowed to 33.93 per cent., from 34.22 per cent. The French franc, which to-morrow re-joins the joint-float operated by certain Common Market and other countries was a little weaker on the Morgan Guaranty 14-currency basis, with its net appreciation since the Washington Agreement narrowing to 6.06 per cent., from 6.16.

Gold rose $2 an ounce on balance in London, to $164¼-165¼, in moderate trading—opening at $162¼-163¼, and trending up over the day.



FORWARD STERLING 3-month Discount against U.S. Dollar

GOLD MARKET

FOREIGN EXCHANGES

EXCHANGE CROSS-RATES

EURO-CURRENCY INTEREST RATES*

FORWARD RATES

OTHER MARKETS

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

PARIS

MILAN

AMSTERDAM

TOKYO

STOCKHOLM

SWITZERLAND

AUSTRALIA

BRUSSELS

OSLO

COPENHAGEN

VIENNA

JOHANNESBURG

SPAIN

هكذا من الأرجل

FARMING AND RAW MATERIALS

First rain for weeks welcomed

By Our Commodities Staff

THUNDER STORMS that brought the first significant rainfall for nearly eight weeks in some areas were welcomed by livestock and arable farmers in the South and West of England yesterday. But they warned that the rain had barely wet the soil in places and further heavy rain was needed.

A number of cattle were killed by lighining during the storms. One farmer, Mr. Metford Jeanes, of Nether Stowey, Bridgwater, Somerset, lost five pedigree British Friesian cows.

In its monthly report on conditions on farms yesterday the Ministry of Agriculture remarked on the rapid change to hot, dry, sunny weather which had lasted throughout June after the early days of heavy frosts.

Conditions had been excellent for hay and silage making but unfavourable for other crops.

Aphid attacks were prevalent in many cereal crops. Winter sown cereals had made satisfactory progress but spring sown were thin and backward in many areas. Sugar beet progress was reasonable but less advanced than usual for the time of year. Aphid infestation was widely reported. Potato crops were in need of rain.

Coffee market shrugs off frost report

By Richard Mooney

REPORTS FROM Rio de Janeiro of possible frost damage to coffee trees in Southern Minas Gerais State had little effect on the London coffee market. Prices moved up about £3 a tonne in early dealings but this rise was boosted to about £7 in the afternoon by commission-house buying. By the close, however, prices had slipped back again and the September position finished £4.25 higher at £467.25 a tonne.

The frost was reported to have formed on high ground where the coffee grows and the Brazilian Coffee Institute has ordered a survey of the area to assess possible damage. London dealers pointed out, however, that Minas Gerais is not a major coffee growing area, although they admitted that generally cold weather in Southern Brazil was causing some nervousness in the market. They also noted that a serious Brazilian frost, with its inevitable effect on price levels, would not be conducive to orderly discussion of a new international coffee agreement at the current ICO meeting in London.

Beef support buying near as cattle prices plummet

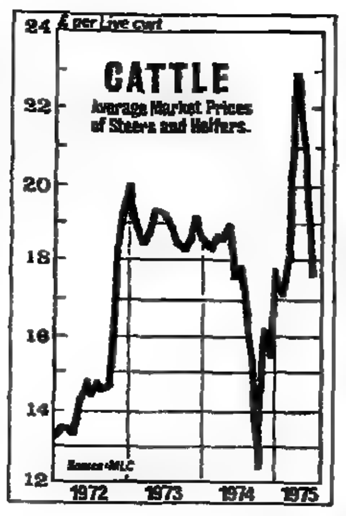
BY PETER BULLEN

THE U.K. Intervention Board yesterday confirmed that meat traders had initiated contacts with it to find out how to sell home-produced beef into intervention.

This follows the steep fall in beef prices at livestock auctions all over the country. On Monday the Meat and Livestock Commission's U.K. average fatstock price showed a dramatic fall of more than £2 in seven days down to £17.85 a live cwt. Yesterday, it dropped further to £17.59 a cwt, £1.79 down on the week.

This latest fall was in spite of an overall drop of 7 per cent. in numbers of cattle marketed in the U.K. whereas previously heavy marketings had been contributing to the price decline. Armed with yesterday's prices the MLC now estimates that the average price this week is likely to be down £1.63 to £17.25 a cwt. This will necessitate payment of another record variable deficiency payment to producers of £3.95 a cwt. plus the £1.55 EEC headage payment to bring producers' returns up to the target price of £22.75 a cwt.

When prices drop to these levels it becomes worthwhile for some meat traders to consider selling meat into intervention. Although it costs about £1 a cwt in slaughtering, veterinary inspection and transport charges to put beef into intervention it makes a useful outlet for the cheap, forequarter meat with which the market is overloaded.



An Intervention Board spokesman said no meat had yet been sold into intervention in Britain but several people were showing a definite interest and finding out exactly how to go about it. However, in Northern Ireland where market prices are invariably lower than elsewhere in the U.K., between 110 and 115 tons of beef have been sold into intervention.

For producers the sudden downward plunge in prices is depressing but not as disastrous as it was a year ago before the Government put a "flood" in the market with the variable beef payments underpinned by the intervention buying as a necessary—but in the Government's eyes unattractive—safety net should prices fall too far.

With the continued closure of the French market to U.K. lamb shipments, plus the fall in the beef market, U.K. lamb prices are also under pressure with the average down by 3.3p yesterday at 30.3p a pound estimated dressed carcase weight.

The long spell of hot, sunny weather has been one of the major factors in the sharp decline of beef cattle prices. It has aggravated the usual seasonal decline as demand has fallen more than usual for red meat and the dry weather has caused such widespread feeding difficulties for livestock farmers that they have endeavoured to market as many animals as possible. Again, the lack of good feed has meant a lot of "unfinished" cattle being marketed which has tended to depress values, although good animals have continued to make top prices.

Retail butchers emphasised yesterday that the fall in market prices is bound to benefit housewives. Some cheaper forequarter cuts have fallen by up to 10p a pound in recent weeks and will continue to ease. Now even the better quality joints (with the exception of grilling steak and sirloin) are expected to drop by 1p to 2p a pound.

Tin buffer stock changes

BY JOHN EDWARDS, COMMODITIES EDITOR

THE International Tin Council announced yesterday that Mr. Philip Jevons, managing director of Rudolf Wolff, had relinquished his job as special adviser to the buffer stock, but that Mr. Bruce Leeming and Mr. G. O'Neill, of the same company, have been officially taken on to the staff of the Tin Council on secondment as a temporary arrangement until a new buffer stock manager and deputy can be found and trained. Mr. H. W. Allen, executive chairman of the Tin Council, continues for the time being as buffer stock manager, but the post of manager and his deputy is to be advertised shortly.

This move follows the official resignation last week of Mr. Tom Adnan, previous buffer stock manager, and his deputy, Mr. Jaime Bueno. But it also will go some way to answer recent criticism about the activities of the buffer stock.

Critics have attacked the decision to draw all the buffer stock staff from one London broker as well at attacking the subsequent dealing activities, particularly the emphasis on "borrowing" in the London market as a means of keeping prices up.

"Borrowing" means buying for nearby delivery and selling an equivalent amount for forward delivery as a single transaction. It is frequently used by Metal Exchange dealers as a way of subsidising the cost of carrying stocks, but it has not been used much in previous tin support buying programmes.

However, there is nothing in the Tin Agreement to forbid the use of this market tactic, and so far at least it appears to have worked well. It is reckoned that the tin industry is suffering the worst setback in demand since before the last war and this has only partly been offset by the decision to cut exports by some 18 per cent. which in some quarters is thought to be insufficient to offset the steep drop in consumption.

It was generally feared that the "floor" price of the Tin Agreement—$M900 a picul in Penang—could well be broken in the traditionally slack summer months before the export quotas, first imposed in April, began to bite. But pressure on the Penang price has been eased as a result of the higher London cash price encouraging buyers to switch to Malaysia for their requirements.

It is of paramount importance that the Tin Agreement "floor" is not broken if the only viable commodity pact is to survive.

Upsurge in cocoa and sugar again

By Our Commodities Staff

CONTINUING TIGHTNESS in nearby supplies of physical cocoa sparked off a new price upsurge on the London terminal market yesterday. The September position moved up the permissible limit at one stage before closing £28.75 up on the day at £539.75 a tonne—the highest level since mid-April. In the face of sharply increased demand for immediate delivery cocoa the July/September differential doubled to £33.25 a tonne.

Dealers said the supply situation was making for a very nervous market and some professed themselves "bewildered" at the dramatic increase in prices. September cocoa has now gained nearly £70 a tonne since the publication of the Gill and Duffus market report last Wednesday. It was this report, drawing attention to the fact that much of the apparent surplus availability of cocoa had not yet been shipped from producing countries, which is alleged to have turned the previous steady rise in prices into a major upsurge.

Yesterday's price rise was also helped by reports of a smaller-than-expected decline in U.S. second quarter grindings which prompted a limit-up movement on the New York market during the morning. Forecasts of a 25 per cent. decline have now been trimmed to 18-20 per cent. in U.S. trade circles. The U.S. grinding figures may be available late this week.

Sugar prices also moved up sharply on the London terminal market. The October position closed near the day's high at £162.25 a ton, up £11.775 while the London daily raw price was fixed £2 higher at £157 a ton. The London daily white sugar price was raised by £5 to £170 a ton, widening the whites/raws differential to £13.

BANK OF BRAZIL BUYING 1M. TONS OF SOYABEANS

BRASILIA, July 8.

The Bank of Brazil has authorised its branches to start buying soyabeans from producers at 75 cruzeiros per 60-kilo bag. It said it would buy 1m. tonnes of beans from the 1974-75 crop in Rio Grande do Sul, Parana, Santa Catarina, Sao Paulo and Mato Grosso.

The Brazilian Government's purchase plan, first announced in February, will be implemented by the Bank.
Reuter

SAHELIAN WEST AFRICA

Drought could be a blessing in disguise

BY DAVID CAMPBELL

THE MASSIVE international relief operation which at the height of the Sahelian desert drought disaster involved convoys of lorries and camel trains bringing grain across the Sahara, airlifts and the setting up of camps for displaced nomads, is now being phased out, following rains in recent weeks. The scores of agencies which have congregated are now turning their attention to the crucial long term problem of how to drag the area out of the present vicious circle of deepening poverty.

As one UN official put it: "The drought was the best thing that could have happened here. But ironically the immense resources which it has drawn in both in terms of money and technical assistance will largely have to be applied to the more fertile areas South of the Sahel. I see no solution for the Sahel itself."

Monsoon belt

It is difficult not to agree with him. Populations of both people and cattle have risen sharply over the years in the Sahel largely as a result of better medical and veterinary services. The result has been a disruption of the old nomadic balance leading to over-grazing and soil erosion. This has led to big migrations to the remaining good pastures further South and these in turn have been put under greater pressure.

This movement has been accelerated by the drought which itself may be a symptom, in the view of some meteorologists, of a southward shift of the monsoon belt. According to a U.S. Government survey, the Sahara desert is growing by as much as 30 miles a year in some of the worst hit areas.

Only an enormously costly and co-ordinated effort would have any chance of even slowing down this movement let alone restoring wasteland to production.

Further South along the banks of the Niger, for instance, and in southern Upper Volta there are better chances of farmers not only being able to grow enough food to feed their families adequately but also to grow cash crops for export such as groundnuts and cotton.

Everyone here has stories of Government inefficiency, misuse of aid, squabbling and lack of co-ordination between donor agencies. But for all the shortcomings, the efforts to assist what was once French West Africa are impressive: experts in every field of development grow like apples on trees and there is money waiting to be spent. Sadly, given the desperate poverty and the growth in the population—in Upper Volta it is thought to be as much as 2 per cent. a year—it hardly matches up to the problem.

Just how difficult it is to achieve anything at all was driven home to me on a 10-day visit to a small village in the North of Upper Volta, almost entirely dependent on farming for its survival.

Lying some way south of the Sahel it was not as severely hit by the drought as some areas. But yields of millet—the staple diet of the area—were cut drastically and last year's harvest which was good as a result of the excellent rains (538 mils. compared with 407 mils. the year before) still did not enable families to lay down any reserves.

Farming methods are extremely primitive. The only fertiliser used is the dung from passing nomadic cattle. Not surprisingly yields are low and, as all cultivation is done by hand, families cannot really compensate for this by taking on more than about five to eight acres.

Draft animals

The cheapest draft animal to buy and to keep is a donkey but this may cost as much as £10-£15; a one-furrow plough costs about £25; a cultivator £20. A subsistence farmer will be lucky if he can earn more than £50 a year although it is true that many leave after the harvest to work as labourers on the Ivory Coast.

An agricultural credit system is slowly being put together but in a country where few can grasp the concept of credit as opposed to giving (in the various Voltaique languages there is no such word) its acceptance will take time.

New signs of big Soviet grain purchase

SIGNS OF GROWING Soviet activity in Western currency, Eurodollar and gold markets could provide evidence that the Soviet Union may be seeking substantial dollar balances for North American grain purchases, London bankers said yesterday.

This follows earlier reports in London shipping and grain circles that the USSR had apparently chartered up to 19 bulk carriers to carry quantities of North American grain.

London grain dealers estimated that the Soviet Union had provisionally booked for up to 10m. tonnes of grain.

The largest grain deal between the U.S. and USSR was in 1972-1973, when the Russians bought some 19m. tonnes of American grain at a cost of more than $1,000m.

Other signs suggesting a similar large grain deal could be near included the news on Friday from the Swiss gold pool banks that large gold sales have been made by the USSR.

It is calculated that sales on this scale could create a dollar income of up to $100m. weekly.

The Soviet Union has in the past sold gold, other precious metals and diamonds on Western world markets to finance grain and food purchases.

The bank of Foreign Trade of the USSR is reported to have completed a $250m. medium-term loan in Western Eurocurrency markets.

There is no evidence that the proceeds of the borrowing will be used directly for grain purchases.

Meanwhile, in Washington there are signs that U.S. Department of Agriculture analysts are about to cut their estimates of grain production prospects in the Soviet Union this year by more than 5m. tonnes.

The U.S. analyst's forecast in late June that a continuing dry spell affecting parts of the Soviet spring grains growing areas would probably warrant a further reduction in estimated Soviet grain output to around 195m. tonnes.

Our Ottowa Correspondent reports: Canada's share of the huge new Soviet wheat order being negotiated is estimated at 3m. tons or approximately 110m. bushels worth about $400m., it was learned here. The Soviet Union has suffered a severe drought this summer which has drastically hit

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Fractionally easier on balance on the London Metal Exchange after having run into chart selling during the morning which subsequently gave place to a little speculative buying. Some hedge selling was also reported, but in the later dealings the market ...

... 57, 58, 58.5. Cathodes: untraded. Afternoon: Wirebars: cash £541, 42, early-July £542.5, three months £561, 62, 61, 61.5, 61, 60.5. Cathodes: cash £530, three months untraded. Kerbs: Wirebars: Cash £541, three months £561, 60.5, 61, 61.5. Cathodes: untraded.

TIN—See-sawed again. Prices were lowered at first in line with the fall in ...

... three months £3,095. High Grade: untraded. Afternoon: Standard: Cash £3,083, early-August £3,093, three months: untraded. High Grade: all untraded. Kerbs: Standard: three months £3,095, 97. High Grade: untraded.

LEAD—Steadied after having opened uncertainly. The better tendency reflected what was thought to be hedge buying against physical sales on the Continent. ...

The grain selection was slow to recover from the interruption to negotiations by Friday's U.S. holiday but a cargo was fixed from the U.S. Gulf to South Japan at $8.48 f.i.o. for July.

Other grain bookings included South Brazil to the Black Sea at $12.25 f.i.o. for July and River Plate to Bandar Abbas at $19 free discharge for July. Grain from Brazil to St. Nazaire paid ...

ATTWOOD GARAGES LIMITED

The Annual General Meeting of Attwood Garages Limited was held on July 8 at Wolverhampton, Mr. H. R. Attwood (Chairman and Managing Director) presiding.

Group profit before taxation for the year ended 31st January, 1975 was £69,583 compared with £134,176 for the previous year.

The directors recommend a final dividend of .8375p per share for the year ended 31st January, 1975 making a total of 1.45p per share which is the same as last year.

During the last quarter of the year trading showed some improvement, and whilst group turnover and profit are down on the year 1973-74, I believe that in the circumstances the final result is not an unsatisfactory one.

We have made a reasonable start and profits so far are ahead of last year, but with the present economic climate it is unwise to attempt a forecast for the remainder of the year.

The directors are grateful to all the employees whose efforts have contributed to the final result for the year.

The report and accounts were adopted.

COFFEE

SILVER

COCOA

FREIGHTS

RUBBER

SOYABEAN MEAL

GRAINS

SUGAR

WOOL FUTURES

MEAT/VEGETABLES

JUTE

SPENDING CUTS HIT COUNCIL

Wear Valley District Council, Co. Durham, is to offer voluntary redundancies to about 40 manual workers because of cuts in local government spending.

PRICE CHANGES

Prices per ton unless otherwise stated.

U.S. Markets

Soviet plan to buy grain lifts prices

NEW YORK, July 8.

SILVER closed sharply higher on Commission-house buying while copper advanced on trade buying. Cocoa finished higher in sympathy with metals and grains. Chartist buying and speculative short-covering forced sugar limit-up. Chicago grains soared to limit-up gains on unconfirmed reports of vast Soviet grain purchasing, Bache reports.

Cocoa—Ghana spot 70 nom. (65 nom.). Bahia spot 56 nom. (54 nom.). July 53.00 (51.50), Sept. 48.30 (47.50), Dec. 46.90, March 46.70, May 46.75, July 47.00, Sept. 47.10 nom. Sales: 2,637.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams 71.50 nom. (unquoted). "C" Contract: July 52.00-52.30 (52.00), Sept. 54.60-53.00 (54.15-54.05), Nov. 55.70 bid, Dec. 55.60-55.55, March 56.15-56.30, May 56.30-56.75, July 57.00 bid. Sales: 367.

Copper—July 56.10 (54.40), Aug. 56.30 (54.50), Sept. 55.80, Dec. 57.30 settlements. Sales: 1,603 lots.

Cotton—July 46.85-47.10 (47.44-47.52), Oct. 48.65 (49.25), Dec. 48.90-49.00, March 49.60-49.70, May 50.00-50.10, July 50.65 bid, Oct. 50.90 bid, Dec. 50.90 bid. Sales: 1,250.

†Gold—165.60 (163.10), Aug. 166.70 (164.00), Sept. 168.00, Oct. 169.30, Dec. 172.00, Feb. 174.70, April 177.40, June 180.10, Aug. 182.90, Oct. 185.60 settlements. Total sales: 1,064 lots.

Greasewool—Spot 135.0 nom. (same). July 134.0 bid (same), Oct. 138.0-139.0 (same), Dec. 139.0-140.0, March 138.0-142.0, May 139.0-145.0, July 138.0 bid, Oct. 138.0 bid, Dec. 136.0 bid.

†Lard—Chicago loose 36½ asked (37 nom.). NY drummed 43 nom.

‡Maize—July 287 bid (270½-271), Sept. 266½ bid (256½-256½), Dec. 251 bid, March 258½ bid, May 264 bid, July 261 bid.

‡Platinum—July 155.40 bid (152.80 bid), Oct. 159.10 (156.30), Jan. 162.90, April 167.20, July 170.30 bid, Oct. 173.60-173.80 settlements. Sales: 569 lots.

‡‡Silver—Spot 455.00 (439.00), July 462.00 (449.00), Aug. 464.40 (451.60), Sept. 468.10, Dec. 479.50, Jan. 482.90, March 490.10, May 497.10, July 504.10, Sept. 511.10 settlements. Sales: 10,022 lots.

*Soyabeans—July 556 bid (516½), Aug. 531½ bid (511½), Sept. 528½ bid, Nov. 526½ bid, Jan. 535½ bid, March 543½ bid, May 550½ bid, July 550 bid, Aug. 557 bid.

‖Soyabean Meal—July 128.00-128.50 (122.20), Aug. 131.00-130.50 (124.50), Sept. 132.30, Oct. 133.50-134.00, Dec. 137.50-137.00, Jan. 139.00, March 142.00-142.50.

Soyabean Oil—July 24.10-24.00 (22.73), Aug. 22.80 bid (21.90), Sept. 22.00 bid, Oct. 21.32 bid, Dec. 20.50 bid, Jan. 20.20 bid, March 20.10 bid, May 19.90 bid, July 19.90 bid, Aug. 19.75 bid.

Sugar—Spot 16.00 (14.50). Sept. 15.23 bid (14.20-14.25), Oct. 14.98 bid (13.95-14.00), Jan. 14.55 nom., March 14.80-14.85, May 14.65-14.84, July 14.55 nom., Sept. 14.85 nom., Oct. 14.65. Sales: 3,799.

Tin—313.50-369.50 asked (same).

**Wheat—July 322 bid (302), Sept. 328 bid (306-305½), Dec. 339½ bid, March 349½ bid, May 352½ bid.

WINNIPEG, July 8. ††Rye—July 229 bid (220), Oct. 230½ bid (229½ asked), Dec. 226½ bid, May 220 bid.

¢Oats—July 164 bid (163½ bid), Oct. 154½ bid (153½ bid), Dec. 149½ bid, May 145 nom.

§Barley—July 236 (234½ bid), Oct. 224½ bid (215 bid), Dec. 219½ bid, May 215 nom.

dFlaxseed—July 827 bid (800 bid), Oct. 815 asked (790 bid), Nov. 802 bid, Dec. 791 bid, May 780 bid.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 478½ (463).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. †$'s per troy ounce—100-ounce lots. ‡Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Drummed $'s per 10 lbs f.o.b. NY. ‡‡Cents per troy ounce ex-warehouse. ‖New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡$'s per troy ounce for 50-ounce units of 99.5 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. ¢Cents per 34-lb bushel. §Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. dCents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

STOCK EXCHANGE REPORT

Equities improve ahead of and after miners' decision

Index closes 8.7 up at day's best of 326.4 and Gilts good

ACCOUNT DEALING DATES

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun. 30	July 10	July 11	July 22
July 14	July 24	July 25	Aug. 5
July 28	Aug. 7	Aug. 8	Aug. 19

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

News that the Yorkshire miners had modified their wages resolution helped to renew firmness in stock markets yesterday. Already tending to harden on Mr. Gormley's optimism about the outcome of yesterday's talks, leading industrials were marked a few pence better on confirmation and generally closed at the day's best. Investors again stayed mainly on the side-lines awaiting details of the Government's anti-inflationary White Paper, business remaining extremely small and mostly professional. After Monday's fall of 5.6, the FT 30-share index had regained 5.2 by noon and was finally 8.7 up at 326.4.

Easier at first on the increase in U.S. Treasury Bill Rates, short-dated gilt-edged picked up later in sympathy with firmness at the long end of the market and closing gains in the sector ranged to ⅜; underlying sentiment was helped by sterling's improvement on foreign exchange markets and the Government Securities index improved 0.27 to 59.55.

Gilts move higher

Second-line equities again traded very quietly — official markings were only 4,792 — and the few changes which occurred were mainly small and mixed. Nevertheless, gains just had the edge over rises in FT-quoted Industrials, and the FT-Actuaries All-Share index improved 1.3 per cent. to 139.52.

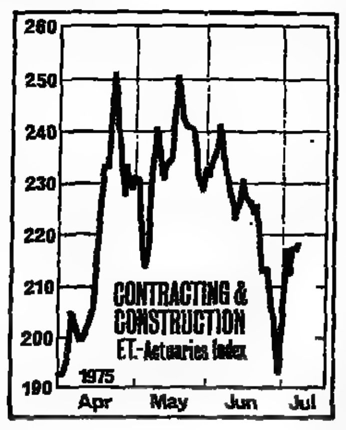
With higher U.S. Treasury bill rates possibly indicating a rise in Prime rates there, the market in British Funds looked set initially for a further reaction. Short-dated maturities opened a shade easier but improved with longer-dated issues which attracted renewed demand when the Government broker raised his selling price for the long "tap," Treasury 12¾ per cent., 1995, "A" stock, finally ¼ higher at 80¾; other longs were usually ⅜ better. At the shorter end of the market, emphasis switched to high-coupon issues which, although a shade off the best, closed with gains to 7/16. Exceptionally, Transport 4 per cent., 1972-77, put on ⅝ to 90.

Occasional offerings made for slightly busier trading in investment currency and the premium fell to 91¾ per cent. before rallying late to close a net 1¾ lower at 92¾ per cent. Yesterday's SE conversion factor was 0.6152 (0.6120).

Hambros advance

Home Banks remained a sensitive market and trade remained thin, but following a fresh reaction in the early stages, prices picked up well to finish with improvements extending to 8. Midland were finally that amount up at 265p, after 245p, and National Westminster 7 firmer on balance at 232p, after 215p, and Bank of Scotland recouped an initial loss of 10 to close unchanged at 243p. Bank of Ireland added 10 at 470p. Hambros sprang to life in otherwise quiet Merchant Banks, advancing 21 to 201p on fresh speculative buying. Schroders moved up 15 to 360p in a thin market, while Anglo-Continental put on 2 to 37p. Discount Houses moved ahead in places, Alexanders adding 13 at 200p, Gerrard and National 15 at 270p, and Smith St. Aubyn 5 at 55p.

Insurances shook off Monday's setback and staged a general advance on modest support. Pearl improved 10 to 214p and Sun Alliance 20 to 405p, while rises of around 7 occurred in Equity and Law, 156p, Guardian Royal Exchange, 190p, and Commercial Union, 157p. Leslie and Godwin added 5 at 113p in firm Lloyd's Brokers.



There were few signs of activity in the Brewery market, but a slightly better trend developed as the day wore on and the Distillery sector provided a couple of good features. Revived talk of a possible bid left Teacher (Distillers) 18 to the good at 220p in a restricted market, while country buying also accompanied by take-over talk, prompted a rise of 8 to 48p in Amalgamated Distilled. Along with the other equity leaders, Distillers traded firmly at 147p, up 3.

Ahead of the full report, Tunnel "B" improved 7 to 120p. After falling to 63p ahead of the results, Southern-Evans rallied to close 3 better on balance at 70p despite the profits setback. Taylor Woodrow hardened 2 to 286p with the help of trading news, while other firm spots included R. Costain, 3 up at 201p, and Stoneware, 5 higher at 150p. Lafarge, however, eased 1½ points to £30½.

ICI featured Chemicals with a rise of 7 to 270p. Allied Colloids rose 5 to 86p in response to the satisfactory results, scrip issue proposal and statement on current trading while Fisons were supported up to 372p for a rise of 9.

Marks and Spencer up

A little more interest was seen in Stores which closed on a firm note with rises ranging to 6 as recorded in Marks and Spencer at 205p. Small buying raised UDS 3 to 89p. Combined English Stores hardened 1½ to 71p. Henderson - Kenton, however, receded a penny to 25p on further consideration of the preliminary results. Samuel Sherman, still on the first-half loss, lost a penny more at a 1975 "low" of 5p. Mail Orders made modest progress, Empire Stores rising 5 to 99p.

After opening a shade easier, Electrical leaders rallied during another small business and finished with gains to 4 as in GEC, 129p, after 130p, and Thorn Electrical, 168p. Philips' Lamp reflected the easier investment premium at 730p, down 10. Elsewhere, Racal Electronics hardened 3 to 296p, while Electronic Rentals, after the full report, were a penny harder at 43p. In the wake of mounting criticism to the proposed deal with Thomas Poole and Gladstone China, unchanged at 4p, Newman Industries eased 2 to 30p. George H. Scholes receded 7 to 165p in a thin market, while the Japanese-based Sony lost 70 to 920p.

A move higher by the leaders failed to encourage other Engineerings which retained a dull appearance. GKN and Vickers were probably the busiest stocks and both rose 7, to 240 and 138p respectively. Hawker picked up 4, at 268p, along with Tube Investments at the same price, while John Brown recovered 3 to 58p. Simon had a few followers and gained 3 to 111p, while country demand took Richardsons Westgarth up 4 more to 40p. Butterfield-Harvey responded to the excellent figures with a fresh rise of 5½ to 27p. News of the tripartite deal failed to alter Charles Clifford, 55p, or Francis Industries, 19p, but helped Evered rise 2 to 18p, after 19p. Ex the respective "rights" issues, Anderson Strathclyde closed 3½ easier at 114p with the new nil-paid shares at 5p premium; Senior ended slightly lower at 13p and the new nil-paid at 3p premium. British Steam Specialties new shares rallied 2 to 6p premium after Monday's depressing debut.

Little changed for most of the day, Foods were moving ahead in the late trade. Cavenham, 133p, and Tate and Lyle, 232p, put on 7 apiece, while RHM hardened 1½ to 38½p. Other firm spots included Louis C. Edwards, 2 up at 11p, and J. E. Sanger, 3 better at 37p.

Apart from Sheffield Refreshment Houses, 2 off at 143p following the preliminary figures, Hotels and Caterers made modest headway. Grand Metropolitan hardened 1½ to 67½p, while Leisure and General, 35p, and J. Lyons "A," 148p, put on 2 apiece.

Hanson Trust higher

Marked a little lower at the outset, miscellaneous Industrial leaders subsequently revived in very light trading and closed with gains ranging to 10 as in Glaxo, 355p, after 358p, and Reckitt and Colman, 330p. Improvements of 6 were recorded in Beecham, 290p, after 281p and 293p, and Unilever, 384p, while Pilkington ended 8 up at 215p and Boots 5 better at 209p, after 202p. Hanson Trust rose 8 more to 170p for a two-day advance of 30p, continuing to show satisfaction with the generous "rights" offer and dividend forecast. R. W. Toothill improved 7 to 45p in response to the better second-half performance and forecast of a substantially improved result for the current year. Whitecroft put on 2 to 75p on the chairman's statement with the full report, while Airfix, ahead of to-morrow's results, added another 2 at 100p. Manchester Ship Canal firmed 5 to 185p, Ozalid 4 to 151p, and Rexmore 3 to 28p, but Dundee Crematorium came back 10 to 190p and Security Services lost 7 to 88p. Sealed Motor Construction shed 2½ to 40½ on Myson's decision to lapse its offer leaving the way clear for the recommended bid of 44p from Adwest, 4 off at 120p. Myson improved 1 to 66½p. Following completion of the merger of Ben Turner and Curzon Industrial, dealings began yesterday in Turner Curzon, which closed at 6p, and in the 16 per cent. Convertible, 1978-80, which opened at £77½ and closed at £79½.

Motors and Distributors were again overlooked and movements of any significance were few and far between. Dunlop shed 1½ to 49p. Garages provided a minor feature in Dutton-Forshaw which fell 2½ to 12½p on small selling in an unwilling market. Also notably dull were David Nelson and Pennine Motor, both a shade easier at the common price of 4½p.

Associated Newspapers edged higher late to close 4 dearer at 89p and Thomson picked up 3 more to end at 178p. Papers were unaffected by an article outlining the serious slump in the industry. Elsewhere, Kimpher held at 26p despite the reduced dividend and profits.

Business remained extremely quiet in leading Properties, although prices managed to pick up a little. Land Securities hardened 3 to 183p, British Land 1½ to 17½p, and Town and City Properties 1 to 22½p. Secondary issues displayed narrow irregular movements. Gains of 3 occurred in Great Portland Estates, 215p, and Evans of Leeds, 80p, the latter following the full report, while Stock Conversion, after Monday's loss of 3 on the preliminary results, hardened 1 to 135p. On the other hand, Haslemere Estates declined 4 to 190p and U.K. Property 1½ to 11p, while Land Lease lost 5 more to 255p.

Oils rebound sharply

A combination of Middle East hopes, the general market trend and a short shortage produced sharp upward movements in Oils. British Petroleum reached a fresh 1975 peak of 540p before closing a net 19 higher at 537p and Shell rebounded 11 to 316p, after 319p. Royal Dutch, however, were affected by investment premium influences and fell 1¾ to £27. Secondary issues showed small gains, Ultramar rising 4 to 192p, Berry Wiggins 3 to 84p and Oil Exploration 2 more to 70p. Burmah were also overshadowed and remained at 31p. Monday's weakness in leading Australian Oils spread to the smaller issues and Southern Pacific Petroleum reacted 5 to 15p: International Oils Exploration lost 4 to 35p.

Overseas Traders closed firmer for choice. Inchcape, results due July 24, improved 5 to 385p, while Harrisons and Crosfield gained 12 at 937p and Ocean Wilsons 3 at 90p. In contrast, Paterson Zochonis receded 10 to 350p and Sena Sugar 3 to 14p.

Shippings closed at the day's best following a slightly improved business. P. and O. Deferred moved up 4 to 100p, while Lyle finished 6 better at 216p and Furness Withy 7 higher at 210p. Reardon Smith were also firm, the "A" improving 3 to 190p and the Ordinary 15 to 440p.

Minor mixed movements littered Trusts and Financials. Rothschild were 5 better at 389p, while Caledonia Investment, 150p, and Scottish and Mercantile 'A,' 32p, put on 3 apiece. United British Securities closed a penny better at 170p following the results. On the other hand, Malit Securities lost 5 to 60p and First Re-Investment declined 8 to 250p. Among overseas issues, Robeco and Rolinco shaded 1½ to £54⅛ and 1⅛ to £38⅛ respectively.

Courtaulds, at 128p, retrieved the previous day's fall of 5, but the recovery elsewhere in Textiles was limited. Revived interest in a narrow market lifted William Utley 2½ to 13½p, A. Beckman gained 3 to 48p and Dawson International "A" 2 to 27p. The sharply lower profits appeared to have been discounted in Parkland, the "A" shares of which improved 1 to 10p.

Mines mark time

Closely following the trend in other leaders, Bats rose 8 to 320p, but Imps appeared a little sluggish ahead of tomorrow's interim figures and improved only 1½ to 67½p.

Mining markets were in a [illegible] key. Gold shares opened [illegible] in line with the bullion price [illegible] matters were not helped by [illegible] easing in the investment dollar premium. Later the share [illegible] staged a modest recovery [illegible] "cheap" buyers were attracted by the firmer appearance of bullion which closed the day $2 [illegible] at $165 per ounce.

The Gold Mines index was [illegible] down at 375.6, reflecting a quiet day's trading and a general tendency to wait on the sidelines. St. Helena fell £1 to £26 [illegible] among the lower-priced issues Loraine came back 15 to 405p.

Financials tended to ease [illegible] lack of interest with General Mining falling £1 to £34½ and Patino losing 8 to 915p. Minorco, however, improved 10 to 285p. Diamonds and Platinums marked time.

Australians were also inclined to ease in disinterested trading but they were not without feature. Pancontinental stood [illegible] with a jump of 20 to a year's high of 470p following the latest drilling results from the Jabiluka uranium prospect in the Northern Territory. In the more speculative uranium class, Ocean Resources hardened to 19p following a big turn-over in the shares in Sydney.

On the other hand, Western Mining lost 5 to 170p on news that the company is pulling out of the Hall Creek coking coal project in Queensland; of the other remaining partners, Associated Australian Resources (110p) and IOL Petroleum (65p) each fell 15p. Elsewhere, Bera[illegible] eased to 15p following the London meeting which is reported in our Mining News column.

FINANCIAL TIMES STOCK INDICES

—	July 8	July 7	July 4	July 3	July 2	July 1	A year ago
Government Secs.	59.55	59.28	59.33	58.79	58.83	58.20	56.4[illegible]
Fixed Interest	58.70	58.63	58.64	58.29	58.20	57.66	55.1[illegible]
Industrial Ordinary	326.4	317.7	323.3	308.1	315.3	315.5	254.[illegible]
Gold Mines	375.6	381.0	382.4	380.7	392.4	404.2	355.[illegible]
Ord. Div. Yld. %	6.22	6.39	6.28	6.58	6.44	6.46	7.8[illegible]
Earnings Yld. % (full)(a)	18.40	18.90	18.57	19.35	18.93	18.98	20.8[illegible]
P/E Ratio (net) (a)(b)	7.77	7.57	7.70	7.38	7.55	7.53	6.7[illegible]
Dealings marked	4,792	4,925	5,175	5,840	6,925	6,812	5,12[illegible]
Equity turnover £m.	—	34.70	58.33	45.73	90.58	60.15	32.4[illegible]
Equity bargains total	—	11,651	15,789	18,048	21,676	15,597	9,41[illegible]

10 a.m. 317.9 11 a.m. 319.4. Noon 322.0. 1 p.m. 322.9. 2 p.m. 322.2 3 p.m. 323.2.

Latest index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=[illegible]. Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (30/5)	49.18 (6/1)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	62.31 (21/5)	50.63 (6/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (2/5)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (30/1)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

—	July 8	July 7
Daily —		
Gilt-Edged	199.6	183.2
Industrials	147.4	169.1
Speculative	50.5	50.4
Totals	102.1	112.0
5-day Av'ge		
Gilt-Edged	185.3	177.0
Industrials	172.5	185.[illegible]
Speculative	48.5	49.[illegible]
Totals	125.9	130.[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Tuesday, July 8, 1975: Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Monday July 7 Index No.	Friday July 4 Index No.	Thurs. July 3 Index No.	Wed. July 2 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (180)	118.75	+0.7	20.01	5.75	7.45	7.46	117.88	118.85	116.16	118.71	90.11	131.26 (6/6)	51.78 (6/1)	206.37 (4/5/72)	16.70 (13/12/74)
2 Building Materials (30)	102.44	+0.9	19.10	7.68	8.05	8.06	101.46	101.26	98.85	102.59	89.81	117.40 (22/4)	45.11 (6/1)	253.84 (2/5/72)	44.27 (11/12/74)
3 Contracting, Construction (23)	218.56	+0.5	17.04	4.12	8.60	8.60	217.97	217.98	212.52	217.46	149.04	251.61 (23/4)	74.74 (6/1)	389.33 (19/6/72)	71.48 (12/12/74)
4 Electricals (16)	222.42	+1.2	16.76	5.19	7.91	7.89	219.77	224.44	218.42	221.12	169.09	254.64 (6/6)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/62)
5 Engineering (Heavy) (13)	139.60	+0.7	26.05	7.59	5.07	5.07	138.59	139.21	138.44	141.41	99.16	159.79 (22/4)	64.39 (3/1)	202.57 (7/5/75)	64.39 (2/1/75)
6 Engineering (General) (65)	102.36	+0.5	21.27	7.97	6.91	6.90	101.83	102.84	100.66	103.15	73.47	117.40 (6/6)	46.43 (6/1)	156.59 (4/5/72)	46.43 (6/1/75)
7 Machine and Other Tools (10)	41.67	+0.4	19.65	8.69	7.70	7.70	41.49	41.51	41.10	41.64	32.92	48.98 (20/6)	20.11 (2/1)	135.70 (4/7/66)	19.86 (13/12/74)
8 Miscellaneous (23)	108.03	+0.2	22.57	7.25	6.55	6.56	107.83	107.94	106.06	105.28	81.53	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9 CONSUMER GOODS (DURABLE) (58)	85.71	+0.7	20.59	7.12	7.24	7.22	86.09	85.63	84.16	85.79	76.52	93.15 (6/6)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10 Electronics, Radio TV etc. (15)	100.62	+1.4	20.00	5.17	7.28	7.27	99.09	100.42	97.88	99.83	90.56	106.54 (6/6)	44.28 (6/1)	267.41 (19/6/72)	42.86 (12/12/74)
11 Household Goods (15)	128.08	—	32.68	8.04	4.47	4.47	128.03	127.85	127.34	128.29	121.91	148.90 (23/4)	64.53 (6/1)	283.22 (4/5/72)	58.92 (17/12/74)
12 Motors and Distributors (28)	46.78	—0.1	16.53	9.70	9.73	9.66	46.81	46.76	45.28	46.36	38.66	50.91 (6/6)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13 CONSUMER GOODS (NON-DURABLE) (166)	132.09	+1.0	15.32	6.30	9.35	9.29	130.83	132.16	128.15	132.52	98.31	146.48 (6/6)	61.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14 Breweries (16)	153.59	+1.9	15.04	6.54	11.55	11.05	150.70	150.74	145.26	149.19	109.03	163.83 (6/6)	75.56 (6/1)	231.67 (28/11/72)	69.47 (13/12/74)
15 Wines and Spirits (8)	174.58	+2.3	12.90	5.48	11.45	11.43	170.62	172.25	164.54	169.29	126.68	176.45 (6/6)	80.42 (6/1)	257.40 (13/7/72)	76.88 (13/12/74)
16 Entertainment, Catering (16)	150.37	+1.5	14.74	7.56	10.11	10.11	148.48	150.09	145.91	149.50	105.27	156.44 (27/6)	65.38 (6/1)	329.99 (12/12/72)	54.83 (9/1/75)
17 Food Manufacturing (22)	143.63	+0.7	14.40	5.60	9.54	9.50	142.61	143.92	141.06	145.89	99.35	156.57 (6/6)	62.05 (2/1)	211.65 (1/5/72)	59.77 (11/12/74)
18 Food Retailing (16)	125.50	+0.8	12.64	5.10	11.53	11.53	124.50	126.33	122.64	127.49	87.88	149.17 (4/6)	67.15 (2/1)	255.08 (16/8/72)	54.25 (11/12/74)
19 Newspapers, Publishing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	55.08 (6/1/75)
20 Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	45.46 (6/1/75)
21 Stores (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	52.65 (6/1/75)
22 Textiles (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	62.66 (11/12/74)
23 Tobacco (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	94.34 (13/6/62)
24 Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	30.92 (6/1/75)
OTHER GROUPS (92)															
25 Chemicals (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	71.20 (11/12/74)
26 Office Equipment (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	45.34
27 Shipping (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28 Miscellaneous (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 INDUSTRIAL GROUP (486)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 OILS (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Insurance (Brokers) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Merchant Banks (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 Property (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Miscellaneous (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Investment Trusts (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 ALL-SHARE INDEX (650)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44 Rubbers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Teas (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Coppers (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Mining Finance (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Tins (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Overseas Traders (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST	Tuesday, July 8: Index No.	Yield %	Monday July 7	Friday July 4	Thurs. July 3	Wed. July 2	Tuesday July 1	Monday June 30	Friday June 27	Year ago (approx.)	1975 High	1975 Low	Compilation High	Compilation Low
1 Consols 2½% yield	—	14.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—
2 20-yr. Govt. Stocks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Investment Trusts Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	[illegible]	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	[illegible]	All Other	10/4/62	100.00
Industrial Group	31/12/70	[illegible]	† Redemption yield.		

FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) [illegible]. A list of the constituents of the FT-Actuaries Share indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by inland post 18p. Commonwealth 19p. Foreign 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Bowater 'New'	Nil pd.	18	25*	+ 1½	31*	7½*
ICI	£1	15	270	+ 7	302	118
Shell Transport	25p	13	316	+11	[illegible]	118
Glaxo 'New'	Fully pd.	12	355	+12	392	300
Beecham	25p	10	290	+ 6	310	116
Redland 'New'	Nil pd.	10	10½*	—	11½*	8*
Barclays Bank	£1	9	267	+ 2	325	112
Bats	25p	9	320	+ 8	338	164
Distillers	50p	9	147	+ 3	149	65½
Grand Met.	50p	9	61½	+ 1½	69	19½
Hanson Trust	25p	9	170	+ 8	170	57
Midland Bank	£1	9	265	+ 8	305	122
Boots	25p	8	209	+ 5	278	91
Slater Walker	25p	8	72	—	108	27
Lloyds Bank	£1	7	217	+ 2	265	94

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 8	July 21	Oct. 8	Oct. 14
July 22	Aug. 4	Oct. 16	Oct. 28
Aug. 5	Aug. 19	Oct. 30	Nov. 11

"Calls" were dealt in Furness Withy, UDT, Carless Capel, J. Lyons "A", Imperial Group, Westland, British Petroleum, Reyrolle Parsons, Cavenham and Amalgamated Investment. A "put" was done in Courtaulds, while "doubles" were arranged in UDT, Trust Houses Forte, Town and City, Capital and Counties, Reyrolle Parsons, Charterhall Finance, Beecham and Bowater.

Industrials		[illegible]		[illegible]		[illegible]	
A. P. Cement	20	G.U.S. 'A'	20	Spillers	7	Mines	
Amer Leisure	5	Guardian	20	Tesco	6	Anglo Amer.	50
Barclays Bank	55	G.K.N.	28	Thorn 'A'	20	BrokenHill Pty	75
Beecham	28	Hawker Siddt.	50	Tube Invest.	30	Charter Cons.	22
Boots Drug	24	House of Fraser	10	Unilever	40	Chart'rh'll Fi.	6
Bowaters	30	Hudson Wlims	5	Utd. Drapery	12	Cons Gold	25
B.A.T.	35	I.C.I.	24	Vickers	15	De Beers Def.	25
British Leyland	1¼	"Imps"	7	Woolworths	6	F. S. Geduld	360
British Oxygen	6	I.C.L.	7			Great Boulder	12
Burton 'A'	9	Inveresk	10	Property		Hampton Areas	15
Cadburys	5	Legal & General	17	Cap. Counties	7	Hampton Prop	4
Courtaulds	14	Lloyds Bank	60	E.P.	11	Kiaw	140
Debenhams	11	"Lots"	7	Int. Europe	7	Lonrho	10
Distillers	15	"Mams"	9	Land Securities	22	Loraine	35
Dunlop	5	Marks & Spncer	25	Peachey	7	Metals Explor.	8
Eagle Star	15	Midland Bank	32	Town & City	5	Poseidon	56
E.M.I.	20	Nat'l West Bank	30	Town & Comm	7	Pres. Steyn	275
First National	5	P & O Dfd.	15			Rio T. Zinc	40
G.R.A. Trust	7	Plessey	10	Oils		Welkom	56
Gen. Accident	16	R.H.M.	7	Brit. Petroleum	45	West Areas	75
Gen. Electric	14	Rank Org. 'A'	25	Burmah Oil	5	Western M'ng.	15
Glaxo	40	Reed Int'l	28	Shell	30	Zambia Copp	10
				Ultramar	21		

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (14)

BRITISH FUNDS (2)
Svas. 3pc '[illegible] Trans. 4pc '74-77
Electric 3pc '74-77

AMERICANS (1)
Browning-Ferris

BEERS (1)
Amal. Distillers

CHEMICALS (1)
Allied Colloids

INDUSTRIALS (4)
Hanson Trst. Sangers
Magnolia Mlg. Toolmin (R. W.)

TEXTILES (2)
Dawson Int. Do. 'A'

TRUSTS (1)
Chancery

OILS (1)
BP

NEW LOWS (5)

DRAPERY & STORES (1)
Sherman (S.)

ELECTRICALS (1)
Derritron

ENGINEERING (1)
Wolverhampton Die

HOTELS (1)
Myddleton

OILS (1)
Asso. Australian

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	44	1	8
Corps. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	554	464	1,777

BASE LENDING RATES

AFI International 9½%
Allied Irish Banks Ltd. 9½%
Anglo-Portuguese Bank 10 %
Henry Ansbacher 10½%
Banco de Bilbao 9½%
Banco de Jerez 10½%
Bank of Cyprus ‡10 %
Banque du Rhone S.A. 10½%
Barclays Bank 9½%
Barnett, Christie Ltd. 11 %
Bremar Holdings Ltd. 10½%
Brit. Bank of Mid. East 9½%
■ Brown Shipley 10½%
Cayzer, Bowater Co. Ltd. 10½%
Cedar Holdings 10 %
■ Charterhouse Japhet 10½%
C. E. Coates 10½%
Consolidated Credits 12 %
Continental Trade Bk. 9½%
Co-operative Bank *9½%
Copleys Bank 11½%
Corinthian Securities 9½%
Credit Lyonnais 9½%
G. R. Dawes 10½%
Duboff Brothers 11½%
Duncan Lawrie 10½%
English Transcont. 11½%
First London Secs. 9½%
■ Antony Gibbs 10 %
Geode Durrant Trust 10 %
Greyhound Guaranty 9½%
Grindlays Bank 10 %
■ Guinness Mahon 9½%
■ Hambros Bank 9½%
Hawtin & Partners 13 %
■ Hill Samuel §10 %
C. Hoare & Co. †9½%
Julian S. Hodge 10½%
Industrial Bank of Scot. 9½%
Jacobs, Kroll 11½%
Keyser Ullmann 10½%
Kinghurst Securities 12 %
Knowsley & Co. Ltd. 11½%
Lloyds Bank 9½%
London & European 11½%
London Mercantile 11½%
Midland Bank 9½%
■ Samuel Montagu 9½%
■ Morgan Grenfell 9½%
National Westminster 9½%
Northern Comm. Trust 10½%
Norwich General Trust 10 %
Portman Guaranty 11 %
P. S. Refson & Co. 9½%
Rossminster Accept'cs. 9½%
Royal Trust of Canada 10½%
Schlesinger Limited 10½%
E. S. Schwab 11½%
Security Trust Co. Ltd. 11 %
Shenley Trust 11½%
Standard & Chartered 9½%
Sterling Credit 12 %
Stewart Salmon & Co. 9½%
Thames Guaranty 11 %
Trade Development Bk. 9½%
Twentieth Century Bk. 11½%
United Bank of Kuwait 9½%
Wallace Brothers Bank 10½%
Whiteaway Laidlaw 10 %
Williams and Glyn's 9½%
Yorkshire Bank 9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits [illegible].
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7¼%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

CORAL INDEX ...Close 321-326

I.G. INDEX GOLD 163½-166½

INSURANCE BASE RATES

† Atlantic Assurance 11½%
Cannon Assurance 8½%
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Uneven credit supply

Bank of England Minimum Lending Rate 10% (Since May 2, 1975)

Day-to-day credit was in uneven supply in the London money market yesterday, against a background in which a substantial surplus was indicated by initial assessments of the day's money flows, and in which it seemed that even after the official bill sales some surplus was left to be carried on by the banks. The market faced a net take-up of Treasury bills, there was a rise in the note circulation, while the authorities held net maturities of local authority bills, but Government disbursements, on the other hand, were greater than revenue transfers to the Exchequer.

Discount houses paid 7½-8 per cent. commonly for secured call loans to begin with, and 8-9 per cent. at the end, though 6¾ per cent. was quoted in some early instances. In the inter-bank market, overnight loans were in a broad range of 7-9½ per cent.

Short-term fixed-period interest rates had an easier tendency. The one-month sterling certificate yield eased to [illegible] per cent. from [illegible] per cent., the three-months to [illegible] per cent. from 9¾-9⅞ per cent., and the 12-month to 11-10½ per cent. from 11¼-10⅞ per cent.

Rates in the table below are nominal in some cases.

July 8 1975	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ‡	Bank bills ‡	Fine trade bills ‡
Overnight	—	7-9½	8¾-8½	—	—	—	[illegible]	—	—	—
2 days notice	—	[illegible]	[illegible]	—	—	—	—	—	—	—
7 days or 7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

* Local Authority and finance houses seven days' notice, others seven days' fixed. [illegible]

Finance House Base Rate (published by the Finance Houses Association): [illegible] per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Banks Base Rates for lending [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

AUTHORISED UNIT TRUSTS

[illegible]

REGIONAL MARKETS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99⅞	90¼	Savings 3pc '65-75‡‡	99⅞	+1/32	3.02	9.26
99⅞	94	Exch 6½pc 1976‡‡	98⅝	......	6.62	9.47
97¼	92	Treasury 6½pc 1976‡‡	97	+⅛	6.70	9.43
99	97	Victory 4pc 1976‡‡	99xd	......	4.08	—
102	96⅞	Treasury 10½pc 1976‡‡	100⅛	......	10.48	10.37
95	88⅞	Treasury 6¼pc 1977‡‡	94⅛	......	6.64	10.12
94⅛	86¼	Electric 3pc '74-77	94⅛	+⅛	3.19	6.73
103	96⅞	Treasury 11½pc '77‡‡	101	+⅛	11.31	10.57
88	84	Treasury 3pc '77‡‡	88	+1/16	3.41	8.72
90	84⅛	Transport 4pc '72-77	90xd	+⅛	4.44	8.61
96	90½	Treasury 9pc 1978‡‡	94	+1/16	9.49	11.26
100	96⅝	Treasury 10½pc '78‡‡	98 xd	+1/16	10.71	11.26
87⅜	79	Exchequer 5pc '76-78‡‡	85¾	......	5.83	10.29
103	94	Treasury 11½pc '79‡‡	100⅛	+1/16	11.48	11.43
79⅞	71⅞	Treasury 3pc '79‡‡	78⅜	+1/16	3.83	9.34
81	73⅞	Electric 4¼pc '74-79	80	+1/16	5.30	10.12
100	96	Treasury 10½pc '79‡‡	97	+1/16	10.82	11.36
79⅞	71	Electric 3½pc '76-79	79	+⅛	4.43	9.49
95	84	Treasury 9pc 1980‡‡	92½	+1/16	9.73	11.07
95	94⅞	Treasury 9½pc '80‡‡	94⅞	......	10.01	10.88
79	68¼	Treasury 3½pc '77-80	76⅛	......	4.60	9.69
84½	71	Funding 5¼pc '78-80‡‡	80¼xd	......	6.54	10.46
Five to Fifteen Years						
75½	66¼	Treasury 3½pc '79-81	75⅛	......	4.73	9.60
91½	72⅝	Do 8½pc '80-82‡‡	85¾xd	+¼	9.90	11.6
104⅞	86⅝	Treasury 12pc 1983‡‡	102⅝	+¼	12.14	12.20
78	58	Funding 5½pc '82-84‡‡	72½xd	+¼	7.62	10.51
85¼	61⅞	Treasury 8¼pc '84-86‡‡	79⅝xd	+¼	10.67	11.85
73⅛	51½	Funding 6½pc '85-87‡‡	68⅜	+¼	9.63	11.61
76¼	53	Treasury 7¾pc '85-88‡‡	69⅞xd	+¼	11.05	12.54
46⅛	32⅞	Transport 3pc '78-88	44¾	+¼	6.71	11.17
55¼	39¼	Treasury 5pc '86-89	53⅛	+⅛	9.62	12.17
Over Fifteen Years						
75½	53¼	Treasury 8¼pc '87-90‡‡	68⅝	+⅜	12.12	13.19
55¼	41⅜	Funding 5¾pc '87-91‡‡	53⅝	+⅜	11.03	12.93
97½	85⅞	Treasury 12½pc '92‡‡	88⅝xd	+⅜	14.08	14.23
54½	40½	Funding 6pc 1993‡‡	51⅝	+⅜	12.07	13.45
75¼	54⅛	Treasury 9pc '94‡‡	67¼	+⅜	13.65	14.18
34⅞	24¼	Gas 3pc '90-95	32¼	+⅜	9.32	12.87
102	75	Treasury 12¾pc '95‡‡	91⅜	+½	14.25	14.33
71½	54¼	Treasury 9pc '92-96‡‡	68⅛	+⅜	13.79	14.24
32¾	26½	Redp. 3pc '86-96	31½	+¼	9.78	12.19
69⅛	53¼	Treasury 8¾pc 1997‡‡	66¼	+⅜	13.86	14.24
59⅞	40¾	Treasury 6¾pc '95-98‡‡	51½	+⅜	13.44	14.07
75⅛	54¼	Treasury 9½pc 1999‡‡	67½xd	+⅜	14.04	14.31
31⅞	22	Funding 3½pc '99-04	28¾xd	+⅜	12.15	12.99
61⅛	47	Treasury 8pc '02-06‡‡	58⅝	+⅜	14.15	14.27
42⅞	33	Treasury 5½pc '08-12‡‡	41½	+⅜	13.86	13.97
59⅝	43⅛	Treasury 7¾pc '12-15‡‡	54⅝xd	+⅜	14.22	14.27
Undated						
29¾	22⅛	Consols 4pc	27¼xd	+¼	14.54	—
27¼	20⅛	War Loan 3½pc‡‡	25⅛	+¼	14.13	—
27½	22⅜	Conv. 3½pc '61 Aft.	26⅜	+¼	13.76	—
22	17½	Treasury 3pc '66 Aft.	21⅛	+⅛	14.74	—
18¼	14¼	Consols 2½pc	17⅝xd	+⅛	14.20	—
18⅛	14½	Treasury 2½pc	17⅜	+⅛	14.54	—

**INTERNATIONAL BANK

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
67	58	5pc Stock '77-82	67	......	7.65	12.59
96⅝	91½	8pc Stock 1976	96⅝	......	8.28	11.48

**CORPORATION LOANS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
87	80¼	Birm'ham 9¾pc '79-81	84xd	+¼	10.92	13.00
92¼	87	Bristol 6½pc '75-77	92	+¼	7.06	12.25
88½	82¾	Essex 5¼pc '73-77	88½xd	......	6.21	12.15
95	90	G.L.C. 6¾pc 1976	94¼	+¼	7.12	12.02
91¼	85	Do 7¼pc 1977	90	......	8.03	12.82
99⅞	92½	Do 12½pc '82	96	......	13.20	13.70
75¼	63	Herts. 5½pc '78-80	71¾	+¼	7.32	13.30
90½	83½	Liverpool 7pc '76-77	90⅛	+¼	7.76	12.27
89½	71	Do. 9¼pc '80-84	85	......	11.61	12.86
[illegible]						

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 62½% (based on $2.1960 per £)

CANADIANS

[illegible]

S.E. List Premium 62½% (based on $2.2367 per £)
Conversion factor 0.6152 (0.6120)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£14¼	780	Durban Deep R1	£10¼xd	−¼	‡Q110c	ϕ	‡
£14	860	E. Rand Prp. R1	£10¼xd	−¼	‡Q115c	ϕ	‡
105	55	Rand Leases 25c	60	−5	—	—	—
£34½	£22	Randfn Est. R2	£29½		—	—	—
500	260	West Rand R1	360		‡Q40c	1.3	‡

EASTERN RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
370	235	Bracken R1	300		†Q51c	1.1	10.7
23	13	Daggafontein 50c	17		—	—	—
105	60	East Dag R1	73	−2	‡Q25c	ϕ	‡
140	140	Gcnl. Areas 5c	140s		—	—	—
380	210	Grootvlei 30c	276xd	−4	‡Q32c	1.1	‡
820	410	Kinross R1	730	−10	†Q50c	1.5	4.3
198	107	Leslie 80c	132	−4	†Q22c	1.6	20.4
550	325	Marievale 25c	385xd	−10	‡Q84c	1.1	‡
725	380	S. African Ld. 35c	525xd	−10	‡Q85c	1.2	‡
265	175	Vlakfontein R1	195xd		Q35c	1.3	11.6
£13¾	840	Winkelhaak R1	£11¼	−¼	†Q94c	1.2	2.7
120	65	Wit. Nigel 25c	88	−1	Q1c	10.9	0.7

FAR WEST RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
112	56	Botswana RST R2	96		—	—	—
390	196	Messina R0.50	325	−5	‡Q60c	2.9	‡

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
8	3	Burma Mine 17½p	8		m0.5	—	1.7
65	17	Charterhall 5p	62	−½	—	—	—
115	75	Colby Mines $1	75s		—	—	—
760	360	Cons. Murch. 10c	660xd	−20	‡Q130c	2.2	‡
53½	29½	Laurasia	38½		—	—	—
19	13	NRD $1	13	−1	—	—	—
375	200	Northgate C$1	285	−10	Q65c	1.0	9.9
211	80	R.T.Z.	182	+1	19.9	4.4	4.2
135	47½	Sabina Inds. C$1	83½	−4	—	—	—
76	51	Stanford Mines 1	76		—	—	—
£12½	875	Tara Explo. $1	£10½		—	—	—
75	38	Yukon Cons C$1	60		—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance, reserve allocations may preclude calculation of dividend cover.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ǂ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ¢ Regional price.
- || No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 23

FINANCIAL TIMES

Wednesday July 9 1975

Healey wants reserve pay powers

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, will insist at to-morrow's key Cabinet meeting on the Government's economic package that any agreement with the TUC on wages must be backed by some form of statutory reserve powers.

He made this clear in a brief but remarkably tough speech to Labour MPs last night in which he painted a frightening picture of Britain "on the brink of economic disaster."

Dismissing the idea of any half-measures, Mr Healey declared: "I am not prepared to come to the House with a statement which does not carry conviction abroad and which would merely mean returning in a few days with another policy."

There were people who might "pull the trap door under us," waitin gfor the terms of the Government's pronouncement. The country had had a week's grace to find an effective policy. He was determined not to throw the opportunity away.

Mr. Healey's hardening attitude will face the Cabinet with a stark choice between a purely voluntary policy on wages as favoured by Mr. Michael Foot, the Employment Secretary, and some form of statutory incomes policy so loathed by the Labour Party's Left-wing. Mr. Healey is plainly not prepared to settle for anything less than reserve powers to be triggered when needed.

Preparations for to-morrow's Cabinet were being made last night by a group of economic Ministers at 10 Downing Street. The meeting was called at short notice by Mr. Wilson after he curtailed a visit to Edinburgh.

Mr. Healey, after listening to speeches from MPs equally divided on the merits of a statutory incomes policy, said there was an overwhelming desire "in the country" for the Government to deal decisively with inflation.

In the Chancellor's view, if no effective policy were launched the country would face a 10 per cent. cut in her standard of living and in public expenditure, or "have to crawl to the IMF and accept any terms they imposed on us." International creditors would no longer finance us unless we took firm action, Mr. Healey argued.

Keeping to his proposal for a 10 per cent. pay limit next year, Mr. Healey stressed his argument that the country could not afford to let the national wage bill go up by more than 10 per cent.

To protect the weakest groups of employees, many of whom settled early in the pay round, the Chancellor said they must be convinced they would not be made fools of by "those using brute force" later in the cycle.

He said the Government was determined to stand up to "any action in the public sector" to break through the agreed level of wage rises.

Before Mr. Healey spoke in what was described by Mr. Cledwyn Hughes, chairman of the Parliamentary Labour Party, as "a grim and fighting mood," hopes rose among Cabinet "doves" that a voluntary pay policy was on the cards.

Retreat

The miners' retreat from the £100-a-week claim seemed to strengthen these hopes, and in the Commons Mr. Edward Short, the Lord President, went out of his way to assure MPs that Ministers "still had every hope" of achieving a voluntary agreement with both sides of industry.

After attacks by Labour Left-wingers he said it was premature to talk about a statutory incomes policy.

A motion against backing a statutory policy by 50 Labour back-benchers from both wings of the party said failure to agree on a voluntary policy could threaten survival of the Labour Government and the party in Parliament and in the country.

Government spending rise as pay and prices go up

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

PAY AND price increases in the public sector were the main factor behind a 43.9 per cent. jump in central Government spending between the first quarters of the 1974-75 and 1975-76 financial years.

Despite this surge in spending, which was apparent from Treasury statistics issued yesterday (Consolidated Fund and National Loans Fund, April 1 to June 30)—Whitehall sources still insist that the Government adheres to the £9bn. public sector borrowing requirement forecast for 1975-76 at the time of the Budget.

Two principal factors are cited against reading too much into the spending on supply services, a definition which embraces everything from defence to the Rate Support Grant.

First, Government revenue is also running significantly above last year's levels. At £6.3bn., revenue in the first quarter of the financial year was 27½ per cent. up on the same period of 1974-75, reflecting not only "fiscal drag" but also higher tax rates and the effect of the graduated National Insurance system.

Secondly, the course of inflation in the U.K. since the Budget has not been far out of line with the assumptions made by Government forecasters when the Financial Statement and Budget Report was drawn up in April this year.

In other words, although revenue has not been increasing as fast as expenditure, it is argued that this factor, plus the effects of inflation on public-sector spending, were largely taken into account when the £9bn. forecast was made.

These are not explanations which some financial analysts in the City find entirely convincing. On the other hand there are those who argue that, with a limit of 10 per cent. on public-sector wage increases about to be imposed, the Government may well achieve its borrowing target, but not in the way it expected in April.

Rate support

Central Government expenditure amounted to £7.423bn. in the April-June quarter, compared with £5.157bn. in the corresponding period of 1974-75, yesterday's figures show.

The biggest increase was in the rate support grant (up £525m.), followed by expenditure on the Health Service (up £400m.) and on trade, industry and employment (£275m. higher).

There was also an increase of £270m. in spending on defence; and £165m. on food subsidies, compared with nil in the same period last year.

Most of this higher spending was directly attributable to inflation, which has been greater in the public sector than in the private sector.

The food subsidy item reflected a policy decision, however, as did much of the higher spending on trade, industry and employment.

Apart from the embarrassment of admitting to these very large increases in spending, the Government has a presentational problem which is partly of its own making with these figures.

It is possible to compare the 1974-75 outturn of central Government expenditure on supply services with a forecast for 1975-76 in the Budget Report, and conclude that the 44 per cent. rise so far compares with an expected year-on-year increase of 12 per cent.

But this is because, in its reluctance to give too much prominence to its own inflation forecasts, the Treasury printed the 1975-76 forecast in terms of prices ruling as long ago as October and November, 1974.

Tucked away in the Financial Statement is a footnote showing that, to allow for a number of items including "timing and prices," some £11.4bn. should be added to the forecast supply services expenditure figure of £28.729bn. for the current financial year.

On the revenue side the total of £6.379bn. for April-June is £1.747bn. up on last year, reflecting a sharp increase in Inland Revenue's take (up £1.078bn.) and higher VAT (up £388m.).

It is also revealed that central Government lending to local authorities was £427m. in these three months, compared with £166m. in April-June last year. Apart from local authorities' voracious appetite for money at present, this particularly large increase will have reflected the fact that they raised very little in foreign loans this year.

The central Government's accounts ended with a net deficit of £2.440bn. in the quarter, against £1.069bn. in April-June 1974. Some £500m. of this was financed through the Exchange Equalisation Account (with the sterling counterpart of the decline in official foreign exchange reserves) leaving £1.940bn. to be financed from domestic sources (against £1.219bn. in the same period last year).

Little room for more defence economies, Page 19

THE LEX COLUMN

Spring cleaning at FFI

Finance for Industry's attributable losses of £18m. make a very large dent in the £25m. of new equity subscribed by its banking shareholders in the year to March, but they do not threaten its £1bn. lending target. Nor, of course, do the figures reflect the new business FFI has taken on since its role was greatly expanded over the winter months, for the great bulk of the provisions—£24.5m. pre-tax, or roughly 6 per cent. of the average balance sheet total—relate to long-standing ICFC business.

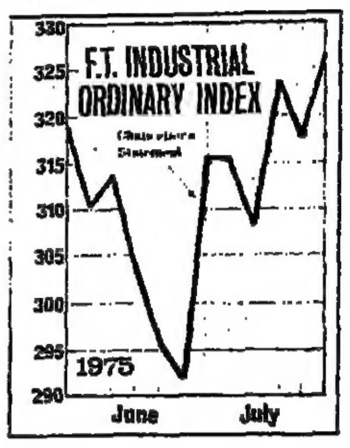
Properties have been written down by over £8m., mainly consisting of a provision of nearly two-fifths against the value of development sites, other specific provisions of one kind or another total very roughly £12m. These write-offs are bigger than seemed likely half-way through the year, despite the subsequent stock market recovery. But with its spring-cleaning job completed, the operation has been running profitably over the past three months, and its net worth of £104m. would support investments totalling more than double the year-end commitments.

Moreover the balance-sheet total could be increased by over £800m. to roughly £1.3bn. if and when the shareholders are called for their extra £60m. of capital.

FFI is happy with the progress of its expanded Finance Corporation for Industry wing, which has now offered loans of over £125m. But of course this is no longer the sole source of medium- to long-term capital that it once seemed to be. Apart from the rights issues, some of the clearers are now much more actively interested in lending on a five- to eight-year basis. Barclays, for instance, claims that its medium-term lending has risen by 50 per cent. over the past 12 months, and although this still represents a relatively small part of its business, the contrast is with stagnation in overall lending to manufacturers. Midland, too, is doing quite a lot more following a period when it had run this side down to a trickle.

In part this simply represents the transfer of hard core overdraft money on to a longer term basis, but the clearers are also increasingly prepared to lend money against the purchase of specific assets. However, they are not generally keen on going as long as ten years, or on fixed rates. Most of FFI's clients now want floating rates. But its main role can be seen in the recent ten-year loan of £20m. to J. Lyons, which replaced short-term borrowings used to finance two factories and which was largely at a fixed rate.

Index rose 8.7 to 326.4



£15m. for Hoechst

A sizeable U.K. bond issue by Hoechst appears to be in the offing, following closely on the heels of the successful, though smaller, Ennia Sterling Guilder Convertible. Market sources suggest that the German chemicals group is planning to raise £15m. through a placing of 10 per cent. Unsecured Loan Stock at par carrying warrants to subscribe for Hoechst equity at a premium of currently 6 per cent. This is very close to being a Convertible, with the advantage for Hoechst that equity is unlikely to be taken up for 10 years. Subscribers meanwhile get a 10 per cent. return (though unfranked) against a current yield of 6½ per cent., on ICI equity.

In the near term this amounts to the funding of previous U.K. acquisitions like Berger Jenson. But it must also reflect the post-referendum go-ahead for a future investment programme in the U.K. recently quantified at around £50m. over the next five years. The issue follows the pattern for local funding by international groups; ICI. recently raised $100m. in New York where it was able to float a straight bond issue.

A technical point arising from the Hoechst issue is that if the warrants—for 5 shares per £100 of stock—are detached this will require the immediate purchase of DM185 of premium currency per £100 of stock. This seems to confirm fears that if the mooted Chicago-style options market in London were to deal in Continental options the premium would have to be paid.

Cohen 600

George Cohen 600 Group performed strongly last year, with pre-tax profits up 80 per cent., and is not looking for very much of a setback this time: the year began with good order books in most areas, and they have been maintained so far. But the omission of a CPP supplementary statement from the accounts is a great pity, for this is a striking example of the kind of engineering group which is apparently prospering but is eating up cash at the same time—working capital leapt by £18.2m. or 72 per cent. during the year. Borrowings are still relatively low, however and Cohen will evidently begin trimming stocks this year.

See also Page 25

Myson Group

Myson is pulling out of the battle for Sealed Motor Construction and instead buying the circulating pump operations of Sundstrand (U.K.), an offshoot of Sunstrand Corporation of the U.S. Agreement has been reached for Myson to pay something like £1m. in cash for the Sundstrand interests which last year had a turnover of nearly £2m., four-fifth of which arose outside the U.K. In 1974 SMC's sales topped £9m., so Myson's new approach to a stake in central heating pumps is much more modest, though the same cannot be said of some of its claims for the (capital intensive) efficiency of Sundstrand's modern plant. Meantime, the SMC share price slipped 2½p to 40½p yesterday, whereas the Myson bid would have been worth 45p at current prices.

Ford announces he will run next year

BY ADRIAN DICKS WASHINGTON, July 8.

PRESIDENT FORD, his popularity steadily rising, formally announced this morning that he will seek a full, four-year term of office next year.

In a brief and deliberately low-key statement, the President promised to conduct "an open and above-board campaign"—his only indirect reference to the extraordinary chain of events which ended with his taking office 11 months ago.

Mr. Ford also emphasised the promise he made then at his swearing-in ceremony to be "President of all the people" and indicated that his strategy during the campaign will be to secure the political middle ground. He said his candidacy would be pointless unless he could win the support of the majority of Americans who "acknowledge no absolute party loyalty."

Mr. Ford's announcement had been anticipated for some weeks, if not months, and caused no surprise here. Yet there had been persistent speculation that his earlier strong hints that he would run in 1976 were not entirely serious and had been made mainly to avoid appearing a lame duck.

Mr. Ford now appears to have scotched these theories definitively and he also seemed to set aside the rumour that his wife's health might prevent him from running, when he said his decision had the full support of his friends and family.

As things look at this early stage, 17 months before the election, the incumbent President is the strongest candidate in sight in either party. A Harris Poll published on July 1 gave him 40 per cent. first choice for the Republican nomination, compared to only 17 per cent. for Mr. Ronald Reagan, the former Governor of California, who is widely expected to mount a challenge from the Right.

According to a Gallup Poll published on June 29, the President could expect to win 46 per cent. of the vote against 37 per cent. for Senator Henry Jackson, one of the more prominent Democratic hopefuls.

A month ago, a Harris Poll also gave Mr. Ford a narrow edge over Senator Edward Kennedy, who insists that he will not be a candidate but remains the Democrats' strongest potential asset.

It has also begun to dawn on the Democrats that their greatest asset in next year's campaign, the current economic recession, may well have turned round sufficiently in a year's time to give Mr. Ford all the advantages of presiding over a recovery.

Institutions force delay on Newman takeover plans

BY NICHOLAS LESLIE IN BRISTOL

SIX INSTITUTIONS, led by the Prudential Assurance, successfully delayed ratification yesterday of a deal for Newman Industries, the Bristol-based electric motor specialists, to take over some quoted investments and other interests from Thomas Poole and Gladstone China.

The institutions are insisting on an independent report on the proposals by a merchant bank.

The deal is for Newman to buy a 19.8 per cent. stake in TPG from Strongpoint, a private company owned by Mr. Alan Bartlett and Mr. J. K. "Jake" Laughton, chairman and deputy chairman of Newman and TPG.

At an extraordinary meeting of Newman here to ratify the purchases, Mr. Donald Sirkett, senior assistant investment manager of the Prudential, proposed the adjournment. He was seconded by Mr. Hedley Newman, a former chairman of Newman.

Mr. Bartlett responded with an hour-long explanation of events relating to Newman and TPG in recent months before proposing an adjournment of the meeting for three weeks while a merchant bank, yet to be decided, makes an independent report on proposals. He said he could not risk the reputation of the company, which had already been damaged, and "for that reason and that reason alone," he proposed the adjournment.

Dealing with the opposition to the proposed leal by Mr. Angus Murray, a non-executive director of Newman and chairman of engineering group Redman Heenan International, Mr. Bartlett said he had heard from Mr. Murray on June 28 that he was against the deal and that he was "taken aback and shocked."

Merger rejected

Mr. Bartlett also revealed that the possibility of a merger of Newman and Redman had been discussed last October but that a four-man committee had decided it was not in the two companies' interests. Mr Murray said after yesterday's meeting that the merger proposal had come from Mr. Bartlett.

At the meeting, a shareholder attempted to gain a hearing from Mr. Murray, but this was frustrated by Mr. Bartlett moving for an adjournment.

Mr. Murray said later he was satisfied with the adjournment and hoped the terms of reference given to the merchant bank would be made known to shareholders. He felt the terms should seek to clarify (a) whether there was logic in Newman taking in the TPG investment; (b) whether Newman had the management resources for the proposed new commitments; and (c) whether the merchant bank was satisfied with regard to the effect of the acquisitions on Newman's debt/equity ratio, its current ratio and its liquidity ratio.

The proposed deal entails Newman buying four quoted investments from TPG, together with other interests such as shares in several commercial radio stations, a £4,000 investmetn in a film called The House of Klong, a £30,000 debt due from Mr. M. Abbott, former chairman of Dover Engineering (one of the TPG quoted investments) promissory notes of £100,000 issued by Smithamcote, and a £140,000 balance with National Westminster Bank.

Mr. Bartlett said the £30,000 debt was guaranteed by TPG and that the Smithamcote notes were secured by an investment worth in excess of £100,000.

During yesterday's meeting Mr. Bartlett was critical of Mr. Murray—although he never mentioned him by name—for the way he had voiced his opposition to the proposals. He said the board had concluded that the best source of advice to value the portfolio to be transferred from TPG to Newman was a reputable firm of chartered accountants.

The institutions led by the Prudential include the Norwich Union Assurance, Royal Insurance, Royal London Mutual, Sun Alliance and United Friendly. In total they own some 12-13 per cent. of Newman's equity.

Continued from Page 1

Miners

Moving the composite, Mr. Scargill launched an attack on the architects of the "social con-trick" and listed settlements for power engineers, the forces and the police and the seamen's pay offer, all of which he said were up to 18 per cent. better than the 20 per cent. won for surface miners "who were sacrificed on the altar of the social contract."

It was left to Mr. Daly, speaking on behalf of the executive, to sum up the sense of the motion.

Clearly stung by the antics of Mr. Scargill and his attack on the social contract, Mr. Daly, who moved the social contract resolution at last year's TUC, launched into the Yorkshire president with considerable venom.

Stoutly defending the contract and his part in it and condemning Mr. Scargill for not complying with his promise that in moving the composite he would not demand the £100 now, Mr. Daly gave the executive's definition of the composite.

This was that it would empower the executive to consider the next claim along with other important items including early retirement and pensions at the appropriate time.

Seconding the resolution, Mr. Clarke immediately stressed that he was in favour of the £100 but only when the nation and the people who pay the bills could afford it.

Miners, he said, should use their great power responsibly especially with a Labour Government in office.

PHONE-A-BIRDIE

The Post Office is to give golf scores by telephone. The new service starts to-morrow with the 1975 British Open at Carnoustie.

The number to ring is Dundee 23271 (STD: 0382).

Black & Decker to close three plants for two weeks

BY KENNETH GOODING

THREE U.K. plants of the Black and Decker power tools group will close down for two separate weeks later this year and all employees — "including the chairman and managing director"—will go without pay for those two weeks.

Black and Decker also told employees yesterday that there would be a further 300 redundancies before August 22. Volunteers were called for.

Without the two weeks of close-down, another 60 to 100 jobs would have had to go, Mr. Peter Simpson, director of organisation and development, said The shut-down would enable the work load to be spread more evenly.

Over the past six months, the U.S.-owned group has cut the U.K. workforce by about 600 through natural wastage, non-replacement and by cutting out the evening shifts at its plants. The group at present employs nearly 4,000 in the U.K.

Mr. Simpson explained that the group exported around half its output but that its prices were becoming less and less competitive against those of overseas manufacturers because of the effects of U.K. inflation.

"We need to reduce the overheads in these inflationary circumstances if we are to remain competitive in domestic and overseas markets."

The company was continuing to invest in new plant and machinery for the long-term, he added. But it was not looking for any recovery from present depressed conditions until September 1976, if then.

Although sales of drills continued to be fairly buoyant, garden equipment sales in the U.K. were hit first by the bad spring weather, then by the 25 per cent. VAT imposition

Saudi Arabians agree to Concorde overflights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. Concorde's endurance flying programme, which began on Monday, was restored to full status late yesterday, after the Saudi Arabian authorities earlier in the day had refused permission for a second flight across their territory to Bahrain.

The reason given for that earlier cancellation was the need to check results from noise-monitoring equipment. The decision threw the joint British Aircraft Corporation-British Airways-Department of Industry flight test programme into confusion.

A Concorde, loaded with passengers, waiting to take off at Heathrow, had to return to the apron to unolad, while officials worked out an alternative flight plan. The Concorde later left on a 3½-hour flight half-way out across the Atlantic and back.

Weather

U.K. TO-DAY

SUNNY periods and showers.

London, Midlands, N.W. and Cent. N. England
Sunny periods, showers. Wind S.E., light. Max. 23C (73F).

E. Anglia, S.E., S.W. and Cent. S. England, Channel Is.
Sunny periods, showers. Wind S., light. Max. 20C (68F).

E. and N.E. England
Rather cloudy, showers. Wind E., light. Max. 20C (68F).

Wales, Lakes, I. of Man, S.W. Scotland, N. Ireland
Sunny periods, showers. Wind E., light. Max. 21C (70F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth
Mainly dry, bright spells. Coastal fog. Wind E., moderate. Max. 14C (57F). Cooler on coasts.

Glasgow, Cent. Highlands, Argyl
Dry, sunny periods. Wind E., light. Max. 22C (72F).

N.E. Scotland, Orkney, Shetland
Mainly dry, bright spells. Coastal fog. Wind E., light. Max. 12C (54F).

N.W. Scotland
Dry, sunny periods. Wind N.E., light. Max. 30C (68F).

Outlook: Sunny spells, some showers.

Lighting-up: London 21.47, Manchester 22.07, Glasgow 23.30, Belfast 23.29.

Pollen count: London—42, low. Forecast, similar.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	27	81	Luxembrg.	S	27	81
Amstrdm.	F	28	82	Madrid	S	27	81
Athens	S	34	94	Manchstr.	C	18	64
Bahrain	S	37	99	Melbourne	R	11	52
Barcelona	F	25	77	Milan	S	31	88
Beirut	S	28	82	Montreal	S	27	81
Belfast	C	17	63	Moscow	F	20	68
Belgrade	S	26	79	Munich	S	26	79
Berlin	S	30	86	Newcastle	C	15	59
Birmghm.	C	15	59	New York	C	25	77
Bristol	C	19	66	Oslo	S	26	79
Brussels	F	26	79	Paris	C	26	79
Budapest	S	26	79	Perth	R	18	64
B. Aires	S	16	61	Prague	S	25	77
Cairo	S	31	88	Reykjavik	C	10	50
Cardiff	F	19	66	Rio de J'o	S	20	68
Cologne	F	29	84	Rome	S	25	77
Copnhagn.	S	22	72	Singapore	S	30	86
Dublin	R	14	57	Stockholm	F	21	70
Edinb'rgh	C	14	57	Strasbourg	S	29	84
Frankfurt	F	28	82	Sydney	S	14	57
Geneva	S	30	86	Tehran	S	34	93
Glasgow	C	15	59	Tel Aviv	C	27	81
Helsinki	F	18	64	Tokyo	S	31	88
H. Kong	S	31	88	Toronto	S	27	81
Jo'burg	S	21	70	Vienna	S	26	79
Lisbon	C	21	70	Warsaw	S	27	81
London	C	20	68	Zurich	S	27	81

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	26	79	Jersey	S	22	72
Algiers	F	29	84	Las Plms.	S	24	75
Biarritz	S	23	73	Locarno	S	27	81
Blackpool	C	16	61	Majorca	S	29	84
Bordeaux	F	24	75	Malaga	S	25	77
Boulogne	C	23	73	Malta	S	28	82
Casablnca.	F	22	72	Nairobi	S	22	72
Cape Tn.	R	15	59	Naples	S	27	81
Corfu	S	29	84	Nassau	C	30	86
Dubrovnik	S	29	84	Nice	S	26	79
Faro	S	25	77	Nicosia	S	26	79
Florence	S	30	86	Oporto	S	20	68
Funchal	S	23	73	Rhodes	S	29	84
Gibraltar	S	27	81	Salzburg	S	27	81
Guernsey	S	18	64	Tangier	S	23	73
Innsbruck	F	28	82	Tenerife	C	28	82
Inverness	C	14	57	Valencia	S	27	81
I. of Man	C	15	59	Venice	S	27	81
Istanbul	S	28	82				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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